



Daily Report

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General

RENMIN RIBAO on Post-INF Atmosphere

HK211355 Beijing RENMIN RIBAO in Chinese
20 Dec 87 p 7

[Article by Liu Shuiming (0491 3055 2494): "What Will Come After the Gun Salute?"]

[Text] A white building on Pennsylvania Avenue in Washington became the focus of world attention from 8 to 10 December 1987. After a gun salute, U.S. and Soviet leaders signed a treaty on medium-range missiles in the East Room of the magnificent White House on the afternoon of 8 December.

This event was a front-page lead in newspapers during those days. Reagan and Gorbachev seemed to have brought "glad tidings" overnight to those who were looking forward to Christmas. The event aroused strong repercussions in press circles throughout the world. Comments were optimistic, but there were also different views, of course. During the stir, varying opinions made people recall the ancient fairy tale of the "worry-forgetting fruit."

The story of the "worry-forgetting fruit," which comes from the Greek epic "The Odyssey," says that when one eats the fruit, one will immediately forget the past and all misgivings.

The United States and Soviet Union finally came to an agreement on medium-range missiles after a long course of fierce bargaining and setbacks. Beaming with smiles, Reagan and Gorbachev signed the INF treaty. This really made many people heave a sigh of relief. Some of these people forgot the past and their misgivings as if they had eaten the "worry-forgetting fruit." However, we cannot yet say that the whole world has become an "alliance of people who have forgotten their misgivings," because many people who have endured much suffering under a nuclear threat for long years find it difficult to dispel the misgivings that keep surging in their minds.

As the first treaty that not only limits and but also reduces nuclear armaments since atom bombs came into being, the INF treaty merits a welcome. But why are many people not willing to take the treaty as the "worry-forgetting fruit"? Articles and data published in newspapers and magazines in many countries incontrovertibly remind people that the signing of the INF treaty does not in the least indicate a large-scale decrease in the danger of nuclear war.

How can people overlook the "Star Wars" plan in which the United States is persisting, or overlook its "lofty ideal" of setting up its strategic superiority by developing space arms? Unwilling to fall behind, is the Soviet Union not engaged in research on space-based weapons against missile attacks? There are indications that U.S.-Soviet nuclear disarmament will give rise to this situation: The

quantity is decreasing, but the quality is improving; they are conducting disarmament on the one hand and manufacturing more weapons on the other; and the deployment of space arms will continue in spite of the reduction of ground weapons. Therefore, although the INF treaty will bring about a climate different from that of the cold wars, how can people of insight dispel their worry about the prospects, which are full of uneasiness?

An unprecedentedly warm atmosphere appeared in the relations between the two countries prior to the meeting of the two leaders, but the following occurrence gives people much food for thought: Before the signing of the INF treaty, Reagan presented Gorbachev with a pair of pure gold cufflinks engraved with the image of the Prophet Isaiah casting a sword into a plowshare. This gift, which implies far-reaching significance, is undoubtedly regarded as a symbol of turning hostility into friendship. However, before the ink on the just-signed treaty was dry and when Gorbachev had just bidden farewell to the United States, the U.S. Navy, "out of political consideration," launched ahead of schedule a Trident-2 intercontinental missile on 11 December. The Soviet Union deemed it necessary to "show a similar courtesy" for the United States, and therefore conducted an underground nuclear test near Semipalatinsk in the Kazak Republic on 13 December. Although the two tests were not forbidden by the treaty, the solemn ceremony welcoming the Soviet leader with a roaring gun salute on the lawn of the White House was substituted by a "lightening and thunderbolt" in the West and an "earthquake" in the East within a short span of hours. Did this conform to the atmosphere in the White House in which Reagan and Gorbachev were as affectionate as a "pair of peace pigeons"? May the signing of the treaty be not just an expedient measure, but a true beginning for their gradual advance toward total disarmament. May it stand the test of history.

The people of the world did not swallow the "worry-forgetting fruit," in spite of the fact that they are anxious for peace and happiness. They did not just hear the roaring gun salute on the lawn of the White House, but also understand this simple truth: Harmony needs the goodwill of both sides, while war generally breaks out due to the vicious intent of one side. They will make unswerving efforts until the terrible shadows of nuclear weapons over their heads disappear.

'Yearender' on Impact of Stock Market Crash

OW180955 Beijing XINHUA in English
1830 GMT 16 Dec 87

["Yearender: Stock Crash and 'The Day After' (by Huang Pengnian)"]—XINHUA headline]

[Text] Beijing, December 17 (XINHUA)—The stock market crash that shook the whole Western world is one of this year's most notable events, and undoubtedly is having an adverse impact on the economy of the industrialized countries.

The big bomb smacked Wall Street on October 19 when the Dow-Jones industrial average of 30 blue chip stocks plummeted by 508 points—about 22.6 percent. With that plunge, 500 billion dollars worth of stock value evaporated in a single day's trading.

The major tremor, compounded by two quick aftershocks, immediately triggered a chain reaction in the rest of the world's stock markets. During a period of more than one month after October 19, or "Black Monday," stock prices everywhere swung violently and unpredictably.

This year's stock collapse, rarely seen in history in terms of its momentum, falling margin, and width and depth of bearing, has attracted enormous attention all over the world.

The stock market is usually seen as a barometer of public confidence in economic prospects. The root cause of the October stock market "bloodshed" is the widespread jitters over the future of American economic growth, which are ultimately the work of the mountainous budget and trade deficits that have accumulated over the past few years.

The U.S. economy had kept an upbeat swing for 60 months in a row as of November. However, the Reagan Administration's budget deficit also has been shooting up. It has collected a total of 1,136.6 billion dollars in the past seven fiscal years due to the government's policy of low interest rates and high military spending.

The high interest rate policy has siphoned a large amount of foreign capital, which offset to some extent the huge budget deficit. But the policy also boosted the exchange rate of the dollar, stymieing the export of American goods to the world market.

As a consequence, the United States increased its trade deficit every year from 1981 to 1986. The total deficit figure for the six years stands at 529.1 billion dollars.

The twin deficits reflect the brittleness of the U.S. economy. Furthermore, the U.S. economic recovery, which lasted for a rarely seen span of five years, also seemed like an arrow at the end of its flight. All this has aroused people's fear that a new recession is somewhere around the corner.

To prevent the stock gyration from kindling that recession, and to soothe the grumbling Western allies, the Reagan Administration has consented to slash the budget deficit by 76 billion dollars through tax increases and spending cuts in the next two years.

The budget-reduction package, though welcomed by people in and out of the United States, is widely considered as too meager to adequately whittle down the huge budget deficit.

Another of the U.S. Government's emergency efforts after the stock chaos is the reduction of interest rates. On November 5, U.S. Secretary of Treasury James Baker announced that staving off recession is a top priority of the government, and that it might loosen controls on the U.S. currency to spur consumption and investment, even at the cost of a further sliding dollar.

For Americans, however, that pill is bitter to swallow. Stimulating the economy may lead to an expansion of spending and increased imports, which may in turn counteract the government's effort to slim the trade deficit and erase the budget's red ink.

Reagan has conceded that the stock crash constitutes a grave threat to economic growth. It not only reduces people's consumption, but also makes them balk at investing their money.

Some U.S. economists predict that the stock crash may cut consumption by 40-50 billion dollars next year, and investment by 25 billion dollars.

Consumption, the main buttress behind U.S. economic growth, accounts for two-thirds of the country's gross national product. Shrinking consumption and investment would inevitably put a drag on production, slowing economic growth in the days to come.

While some experts say that next year's growth rate in the United States is somewhere between 1.5 to 1.9 percent—far below the 3.5 percent forecast, others are more pessimistic. They refrain from ruling out the possibility of a recession in 1988.

Whether the recession can be avoided, they say, depends on whether the United States and its Western allies adopt appropriate policies and act jointly to cut the Gordian knot.

Nevertheless, the economic power of the United States, though having been undermined, still has a key role to play in the economic development of the industrial countries as a whole.

A slowdown of the growth rate and fluctuation of the stock market in the United States may block economic recovery in other Western nations, and impede exports and economic growth in Third World countries as well.

Therefore, the aftermath of the stock crash is being shadowed by a specter of recession, which may spark a new round of fierce economic competition among the industrialized countries and complicate relations between the south and the north.

United States & Canada

PRC Professor on U.S. 'Distortion' on Tibet
HK211040 Beijing RENMIN RIBAO in Chinese
18 Dec 87 p 4

[Report by Kong Xiangru (1313 4161 1172): "Whose Human Rights Are They Upholding?—Associate Professor Doje on the So-called 'Tibetan Issue' Amendment Passed by the U.S. Senate and House of Representatives"]

[Text] On 3 December, a joint meeting of the U.S. Senate and House of Representatives again passed an amendment on the so-called "PRC Infringement of Human Rights in Tibet." Concerning this action by some U.S. congressmen, who "slandered others over nothing and dyed the blue sky black with ink," this writer visited Comrade Doje, associate professor of Xizang literature at the Central Institute of Nationalities, and asked him to give his views on this matter.

Associate Professor Doje had joined the "National Minority Nationalities Comfort Group" organized by the State Nationalities Affairs Commission as a Tibetan representative and had just returned to Beijing from a trip to the Laoshan front in Yunnan. Doje said: "The amendment on the so-called 'PRC infringement of human rights in Tibet' passed by these U.S. congressmen is a pure distortion of facts. In fact, the Tibetan people have genuine human rights now. How could they talk about human rights under the serf system? Flaunting the banner of upholding human rights in Tibet, some U.S. congressmen beat drums and gongs to encourage people to advocate the so-called 'Tibetan independence.' The great interest shown by some U.S. congressmen in the 'Tibetan independence' activities conducted by some people is willful interference in China's internal affairs and disruptive to Sino-U.S. relations. As a native of Xizang's Lhasa and a member of the big family of the Chinese nation, I express my indignation at, and lodge a strong protest against, their action. For a long time Tibet has been an inseparable part of the Chinese territory. Tibetans are members of the big family of the Chinese nation. Any question relating to Tibet is entirely China's internal affair. Foreign countries have no need to bother about them, and no right to interfere in them."

When this writer asked Associate Professor Doje to talk about the question of human rights in Xizang, he said: "I came from the serf society in Xizang. I was more than 10 years old when the democratic reform was conducted in Tibet and saw and heard many things for myself. In the serf society, the vast numbers of the laboring people in Xizang did not have any personal freedom. They were attached as serfs to the manors of serf owners and were regarded as tools of labor without any guarantee for life. The serf owners held power over their lives and property. If things did not turn out as the serf owners wished, the serfs would be beaten, or cursed in some lighter cases, or sent to water dungeons or scorpion nests in more serious

cases. They were even subject to having their eyes gouged out, noses cut off, tendons pulled out, and skin peeled off. Some serf owners even used the skulls of the serfs as bowls."

At that moment, Doje's wife, Danzhouma, a lecturer in Tibetan language at the Central Institute of Nationalities, who was sitting beside him, chipped in: "Under the previous serf system, there were no human rights in Xizang. People had to pay a poll tax when they gave birth to a son. Their children also had to become serfs at the manor when they grew up. They did not have any freedom to marry either. A serf of one manor could not marry a serf of another. They did not have the right to marry even if they loved each other. This is because the serf owner did not want to lose a laborer so easily."

Doje added: "The serf system was a dark, savage, and cruel social system. However, going against the trend of the times, some people have indulged in vain hopes of pushing the Tibetan people back into the dark period of the serf system and causing the liberated Tibetan people to lose their human rights so that the serf owners can once again ride roughshod over them. Isn't it clear whose human rights the self-styled 'guardians of human rights' are upholding? The vast numbers of Tibetans and the people of all nationalities throughout the country will never agree to this." Associate Professor Doje explained the present human rights conditions of Tibetans, saying: "After Tibet was peacefully liberated in 1951, the people began to enjoy the right to become masters of their own destiny and to become human beings. The times when they had to bow and put out their tongues every time they saw a serf owner—and when they were not regarded as men—were gone forever, never to return. Especially since the 3d Plenary Session of the 11th CPC Central Committee, the party and the state have been very much concerned about Tibet's prosperity and development and have respected the customs and religious beliefs of Tibetans. At a time when state economic conditions were still not very good, the state allocated large sums of money to repair the temples damaged during the 'Cultural Revolution.' Moreover, the state has also adopted a series of especially preferential policies, such as tax reduction or exemption, and mobilized all provinces and municipalities throughout the country in supporting Tibet's construction. Over the past few years, Xizang's political, economic, cultural, educational, and communications undertakings have gone ahead by leaps and bounds. Take the Central Institute of Nationalities as an example. To train Tibetan cadres and senior researchers in Tibet affairs, in addition to enrolling Tibetan students to study in various specialized departments, the institute has also set up a specialty in Tibetan language and literature and a research institute of Tibet affairs. It has also trained a number of Tibetan post-graduate students at the master's degree level. They have become backbone forces in Tibet's construction and other undertakings. Our institute has two professors, four associate professors, and a dozen or so Tibetan lecturers. There are even more Tibetan cadres trained in nationalities institutes or schools in other provinces, municipalities, and regions."

In conclusion, Associate Professor Doje said: "Given the situation of opening up, invigoration, and reform today, Tibet is one vast scene of vigorous prosperity. It is like the Chang Jiang surging forward with irresistible force. 'The green hills cannot prevent the rivers from flowing eastward.' In their attempts to reverse the wheel of history, some U.S. congressmen and certain people with ulterior motives will certainly rack their brains in vain."

Soviet Union

Rogachev Briefs Qian Qichen on Summit

OW211152 Beijing XINHUA in English
1137 GMT 21 Dec 87

[Text] Beijing, December 22 (XINHUA)—A special envoy of the Soviet leadership, E.A. Rogachev, briefed here today Chinese Vice-Foreign Minister Qian Qichen on the USSR-U.S. summit meeting.

Chinese State Councillor and Foreign Minister Wu Xueqian met Rogachev who is vice-foreign minister of the Soviet Union.

Rogachev arrived yesterday and was honored at a dinner hosted by Qian.

V.P. Fedotov, Soviet charge d'affaires in Beijing, attended the dinner and briefing sessions.

Beijing Russian Discusses INF Treaty

OW161253 Beijing in Russian to the USSR
1800 GMT 14 Dec 87

["International News Review" program]

[Text] [Announcer] The Soviet-U.S. summit in Washington has been widely commented on by the world public. In today's "International News Review" program, we will ask our commentator Hung Bo to discuss this issue.

[Hung Bo] The result of the summit meeting in Washington did not reach the expectations of the people. A long-negotiated agreement on the elimination of medium- and short-range missiles was signed. However, no breakthrough on the key question was achieved, that is, the reduction of strategic nuclear weapons and other related strategic defensive weapons. Progress has only been achieved in the area of establishing a limit on strategic nuclear weapons.

At the Reykjavik summit meeting last year, both sides had already agreed to reduce strategic nuclear arms by 50 percent. At the present Soviet-U.S. summit meeting, the American side agreed to the proposal to limit the number of long-range missiles launched from submarines, and both sides reached agreement on verification measures. But after the 50-percent reduction of strategic nuclear arms, there still remain a number of difficult questions pertaining to the reduction of the balance of different types of long-range missiles; these questions

have not been resolved. Because of this, both sides feel the need for a (?serious) breakthrough on the reduction of strategic arms. The Soviet Union has always demanded that the reduction of strategic arms be tied to limitations being placed on the U.S. SDI program, but at the present meeting, Gorbachev expressed his intention not to discuss this program with Reagan. American observers view this statement by Gorbachev as the abandonment by the Soviet Union of its original position on this issue. At the same time, we must keep in mind that Gorbachev spoke about the need for the United States to strictly abide by the 1972 ABM Treaty. Before the beginning of the summit, we raised the question of whether they would reach a compromise on the ABM issue. This question continues to attract the attention of the people.

The results of the summit show that both parties have avoided the repetition of the Reykjavik practice and have remained true to their opinions.

It has been reported that the leaders of the two countries said at the summit meeting that their representatives at the Geneva talks will try for an agreement that would allow both sides, while abiding by the treaty, to conduct research permissible by the treaty to development and test space weapons. Since the United States chooses to interpret this treaty broadly—taking the position that according to the treaty space weapons can be produced for experimental purposes—then I think that Reagan will continue to act in accordance with his understanding of the treaty.

After Gorbachev departed Washington, Reagan, in an television appearance to the nation, stated unambiguously that the United States will continue to work on SDI. He also said that should this arms system be deployable, then the United States will indeed deploy it.

Gorbachev, at the news conference prior to his departure from Washington, emphasized once again his position against the SDI program. Therefore, it is not difficult to understand the claim that although the summit was successful, disagreements between the leaders still exist. I think these differences are not limited only to the area of arms control, but also on matters of regional questions.

One of the regional issues that continues to attract attention is the Afghan question. Gorbachev announced that the Soviet Union could withdraw its forces from Afghanistan within 12 months or perhaps even sooner. At the same time, he demanded that the United States cease rendering help to the Afghan resistance forces from the moment the USSR begins withdrawing its forces from the country.

Under the present conditions, when there is a growing number of people in the Soviet Union demanding the withdrawal of Soviet troops from Afghanistan, the world community is naturally interested in how the Soviet authorities will act in the future.

However, let us return to the topic under discussion: I agree that the summit had achieved a certain progress. After the signing of the INF treaty, both Gorbachev and Reagan have stressed, on numerous occasions, the historic significance of this treaty. Presently, the slowing of the arms race and the lowering of international tension represent the universal aspiration of the peoples of the world. Therefore, the Soviet Union and the United States must go forward by taking the second and the third steps. Failing that, the treaty on the elimination of the medium-range missiles will lose what limited significance it has.

In the joint statement released after the end of the Washington meeting, both sides expressed their desire, in the near future, to reach an agreement on a 50-percent reduction of strategic weapons. Perhaps this could be achieved in time for signature by the two leaders at next year's summit in Moscow. However, this new agreement is still very much up in the air, since there are differences in the composition of nuclear weapons of the two sides and the difficulties of verification have not been resolved. Added to this is the fact that the positions of the parties on the question of strategic defense remains diametrically opposed.

Certainly, it must be said that the people of the world expect and will welcome such an agreement. Moreover, they will watch with interest just how long the atmosphere, generated by the third meeting, will last, and whether the United States and the Soviet Union will be prepared to undertake new, even greater steps on the path of nuclear disarmament.

Northeast Asia

Zheng Tuobin Meets Mongolian Trade Delegation

OW221132 Beijing XINHUA in English
0911 GMT 22 Dec 87

[Text] Beijing, December 22 (XINHUA)—Zheng Tuobin, minister of foreign economic relations and trade, today met with a Mongolian Government trade delegation which is here to sign a China-Mongolia trade protocol for 1988.

Both Zheng and N. Babuu, leader of the delegation and first vice-minister of foreign trade, expressed satisfaction with the growth of bilateral trade over the past few years.

Babuu noted that bilateral border trade has recorded a rapid expansion, adding that bilateral trade negotiations are going on smoothly and good results have been made.

Zheng hoped that the two countries will explore into and conduct varied forms of cooperation.

Mongolian Ambassador to China N. Lubsanchultem was present on the occasion.

Commentary Views Takeshita's ASEAN Overtures

HK181503 Beijing RENMIN RIBAO in Chinese
16 Dec 87 p 6

[Commentary by RENMIN RIBAO reporter Sun Dongming (1327 2639 3046): "Takeshita Takes His First Step in Foreign Affairs"]

[Text] Tokyo, 15 Dec—In order to meet with the leaders of the ASEAN countries, Japanese Prime Minister Takeshita arrived in Manila on 15 December to make a 2-day official visit. This is his first foreign visit in the capacity of prime minister. People here regard this visit as the jumping-off point of the Takeshita cabinet's diplomacy.

The Japanese prime minister attended the third summit meeting of ASEAN in Manila. This was decided even before the establishment of the new Japanese Cabinet. After arriving in Manila on the afternoon of 15 December, Takeshita immediately presented himself at the ASEAN summit meeting, where he gave a speech. He emphasized that Japan will carry forward its close cooperation with ASEAN to seek common prosperity and establish a "new partnership." To this end, Japan will expand political, economic, and cultural cooperation with the ASEAN countries. As for concrete measures, Takeshita announced that in order to promote regional economic cooperation in private industry among the ASEAN countries, Japan will establish and offer an "ASEAN-Japan Development Fund," to total not less than \$2 billion over the next 3 years, including direct investments by Japan in the ASEAN countries. In addition, Japan will lower the interest rate on yen loans offered to these countries. Japan has also decided to set up a "Center for the Promotion of Cultural Exchange." According to the schedule, Takeshita will hold talks with Philippine President Corazon Aquino on 16 December and will attend the signing ceremony of an agreement on a special yen loan offered by the Japanese Government to the Philippines.

Takeshita selected the venue of the ASEAN summit meeting as the destination for his first foreign visit in the capacity of prime minister. This will also pave the way for his visit to the United States next year, because he can display the achievements of this visit to the Reagan administration and indicate that his cabinet pursues a foreign policy of "attaching importance to Asia and to ASEAN." Takeshita is the eighth Japanese prime minister to visit Southeast Asia in the postwar period, and the second Japanese prime minister, following Takeo Fukuda, to attend an ASEAN summit. When visiting Southeast Asia 10 years ago, Takeo Fukuda publicized the so-called "Fukuda Doctrine," which included Japan's "three diplomatic principles toward Southeast Asia." That is, Japan will not become a military power; Japan will establish "heart-to-heart" mutual trust with Southeast Asian countries; and Japan will make contributions to peace and stability in Southeast Asia. This

time, before his visit to Manila, Takeshita said that his visit will be an extension of the "Fukuda Doctrine." Aside from economic exchanges, he will also attach importance to personnel and cultural exchanges. In his essay "On Home Construction," Takeshita said that "Japan's 'home' is Asia," so Japan "cannot boast of its economic strength" in contacts with other Asian countries, and should help Asian nations train skilled personnel and actively transfer technologies to them. Obviously, this position is worth valuing highly.

In his speech, Takeshita indicated that Japan-ASEAN cooperation and both sides' development "constitute the axis for Asia's prosperity," and "shoulder heavy responsibility" for the prosperity of Asia and the world. As someone from ASEAN said in Tokyo, at a time when the Japanese yen is appreciating and Japan is facing economic friction with the United States, Japan has become more enthusiastic regarding "economic advances to the south." The Japanese make direct investments and set up factories in Southeast Asia, and then ship the products to other foreign markets in a "roundabout" way. However, the economic cooperation should be mutually beneficial, and people do not want to see Japan take Southeast Asia merely as a "market supplying it with raw materials." In recent years, prices of basic raw materials on the international market have fallen continuously, and this has caused difficulties for the exports of some ASEAN countries. So they hope that Japan will further lower its tariffs and open its domestic market to farm products. However, Takeshita reportedly did not respond to ASEAN's call to lower the tariffs on boneless chicken and bananas and increase the import of pineapples and starch in his speech.

According to reports in Japanese newspapers, the increases in Japan's defense expenditure in recent years were also a major subject that the ASEAN leaders discussed at the summit when dealing with ASEAN-Japan relations. The ASEAN countries "voiced more strongly their concerns about the possibility of Japan becoming a major military power." They hoped that Japan would reduce military expenditure and save more money to assist economic development in Southeast Asia. When meeting with the ASEAN leaders, Takeshita reiterated that Japan will not turn itself into a major military power. However, this showed that Japan's practice of increasing its defense expenditure has not won support from other Asian countries. In addition, Prime Minister Takeshita also said at the meeting that on the Cambodian issue, Japan supports Prince Sihanouk's action in holding talks with Hun Sen to seek a political solution to the Cambodian issue. At present, Japan's policy toward the settlement of the Cambodian issue is still to support the ASEAN position. Some journalists in Tokyo say that Takeshita's remarks on the Cambodian issue further indicate Japan's intention to have a say in Asia's regional affairs.

The Manila trip marks the first step in the new diplomacy of Takeshita's cabinet. It is generally held that the Takeshita cabinet, which advocates "inheriting and

implementing" and "attaching importance to Asia," will carry forward the "three principles for new Asian diplomacy" established by the previous cabinet. However, people still need to wait and see whether it will really practice "sincere and honest diplomacy."

Election Fraud Protests Continue in Korea
OW210805 Beijing XINHUA in English
1512 GMT 20 Dec 87

[Text] Beijing, December 20 (XINHUA)—Dissident youths continued to stage protests in Seoul and a provincial city for the third day today denouncing the fraud in the December 16 presidential election won by ruling party candidate No Tae-u.

Protest actions in Seoul were peaceful but students in Kwangju, dissident leader Kim Tae-chung's hometown, threw firebombs and rocks and burned a police substation injuring five police officers, according to reports reaching here today.

In Seoul, about 400 students camped overnight at the Myongdong Cathedral, where they had put up barricades Saturday for anticipated clashes with the police, but no incidents were reported.

About 500 people staged sporadic demonstrations in downtown areas of Kwangju shouting slogans and fought police. At least three demonstrators were arrested.

No Tae-u drew 37 percent support in winning the Wednesday race for power, the first election in nearly 17 years in which voters picked their president directly. But even before voting ended, dissidents started protest actions against the alleged fraud.

In the last three days, more than 1,693 protesters were under arrest, including some 1,000 people who seized a district administration office in southern Seoul.

Kim Yong-sam, runner-up in South Korea's presidential election, today apologized to the nation for having failed to agree with Kim Tae-chung, his former ally, on a united opposition candidature against the ruling party's No Tae-u.

Kim wrote in a front-page advertisement in the HANGUK ILBO newspaper that "I am reflecting deeply on my failure" to achieve the fielding of a single opposition candidate, "and truly apologize to the nation."

"If the election had been executed fairly, surely I would have been president," he said. "I declare this election null and void, and I will continue my struggle to break down ... the military government."

The ruling party's No Tae-u won Wednesday's election by a plurality of 37 percent while Kim Yong-sam and his former ally Kim Tae-chung combined got 55 percent of the vote.

Southeast Asia & Pacific

Further on Wan Li's Visit to Thailand

Meets Thai Prime Minister

*OW211425 Beijing XINHUA Domestic Service
in Chinese 0920 GMT 21 Dec 87*

[By reporter Huang Yong]

[Text] Bangkok, 21 Dec (XINHUA)—Thai Prime Minister Prem Tinsulanon met visiting Chinese Vice Premier Wan Li here this morning. They exchanged views on strengthening the friendly ties between the two countries and on the Cambodian problem.

During their meeting, Wan Li congratulated Thailand's King Phumiphon Adunyadet on his 60th birthday on behalf of Chinese leaders Deng Xiaoping, Li Xiannian, Zhao Ziyang, and Li Peng, and passed on greetings from acting Chinese Premier Li Peng to Prime Minister Prem.

Prime Minister Prem said: "The regular meetings between the leaders of the two countries are conducive to further strengthening the friendly ties between Thailand and China." He rejoiced in China's achievements in all fields.

Wan Li said: The Chinese leaders attach great importance to developing friendly relations between the two countries.

On the international and regional situation, Prem said that Thailand and China have common [xiang tong 4161 0681] views on many international questions such as on the Cambodian problem and the opposition to racial discrimination. He pointed out that Thailand has been fighting a war against Vietnam on the border for 9 years. "It is not that we want to fight Vietnam, it is Vietnam that has violated Thailand's territory," he said. "Thailand has to take measures to get the Vietnamese troops out." Prem informed Wan Li that he will visit the Soviet Union early next year and that he will speak frankly [tan shuai 0982 3764] with the Soviet leaders on the Cambodian question during his visit. He will ask the Soviet Union to stop supporting Vietnam in its continued occupation of Cambodia and urge Vietnam to withdraw its troops from that country.

Wan Li said: The Governments of China and Thailand have cooperated very well in supporting the tripartite Coalition Government of Democratic Kampuchea headed by Samdech Sihanouk, and in supporting the building of an independent and nonaligned state in Cambodia. He said: "China and Thailand share a unanimous stand on the Cambodian problem."

Wan Li added: Without Soviet support, Vietnam cannot sustain the occupation. Without the withdrawal of Vietnamese troops from Cambodia, there will be no solution of the Cambodian problem.

He said: All countries should exert pressure on the Soviet Union against its support to Vietnam's continued occupation of Cambodia.

Prior to his meeting with Prem, Wan Li met with Thai Vice Prime Minister Phong Sarasin. The two sides exchanged views on developing economic relations between the countries.

Received by Thai King

*OW211546 Beijing XINHUA in English
1525 GMT 21 Dec 87*

[Text] Bangkok, December 21 (XINHUA)—King Phumiphon Adunyadet of Thailand received visiting Chinese Vice-Premier Wan Li at the Royal Palace here today and had talks with him for nearly one hour.

During the meeting, Wan said he was here to present a giant cloisonne to the king in celebration of his 60th birthday on behalf of Chinese leaders Deng Xiaoping, Li Xiannian, Zhao Ziyang and Li Peng.

Recalling the long-lasting ties between Thailand and China, the king said the ties denote a relationship between true friends, instead of being ordinary political and diplomatic relations. "It may be noted that the relationship between our two countries has entered a constructive stage," he noted.

"We feel fortunate and happy for having a true friend like China," the king added.

Wan said China would go on promoting the relations with Thailand in political, economic, scientific and cultural fields. The steady development of the Sino-Thai relations is not only good for the two peoples but also conducive to peace and stability in the region, he added.

Tian Jiyun Meets Australian Trade Minister

*OW212337 Beijing XINHUA in English
1233 GMT 21 Dec 87*

[Text] Beijing, December 21 (XINHUA)—Chinese Vice Premier Tian Jiyun met here today with Michael Duffy, minister for trade negotiations of the Department of Foreign Affairs and Trade of Australia, and his party.

Duffy arrived December 18 at the invitation of Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin. The purpose of his visit is to confer with Zheng on furthering the Sino-Australian relations of economy and trade and to attend the celebrities marking the 15th anniversary of the establishment of the diplomatic ties between the two countries.

Chinese State Councillor and Foreign Minister Wu Xueqian also met Duffy and his party here this morning.

XINHUA Notes SRV's Economic Difficulties
OW200838 Beijing XINHUA in English
1842 GMT 19 Dec 87

[Text] Hanoi, December 19 (XINHUA)—Vietnam's national economy remains in difficulty and unstable though progress has been made in economic and social development in 1987, the Vietnamese Communist Party Central Committee announced here today.

According to a communique released after the Fourth Plenary Session of the party's Sixth Central Committee held in Hanoi from December 8 to 17, the session reviewed Vietnam's economic development in the past year and made decisions on how to develop the economy in the next three years.

The past year, it said, saw a reduction of grain output, the frequent shortage of grain, low-speed production in industry and handicraft, a reduction of the per capita income, a deficit, less investment in capital construction, a low labor efficiency, the frequent loss and waste of state property, confusion in distribution and circulation, rising prices, decline of the actual wages for workers and staff members, increased unemployment, and many social problems.

The communique attributed these problems to the strategic mistakes the Vietnamese Communist Party has made in guiding economic work and implementing relevant resolutions in a decade.

It said the party and the government should be held responsible for their slowness in bringing about a turn for the better in the 1987 economy.

The Plenary Session, it said, has set targets for the realization of economic and social stability in 1988-1990.

The key to realizing the targets, the communique said, is to make great efforts to develop the production of commodities and raise efficiency in production, the quality of products and economic results. Priority should be given to the production of grain, daily consumer goods and exports, especially grain production, it said.

Broadcasting Delegation Ends Visit to Burma
OW190040 Beijing XINHUA in English
2037 GMT 18 Dec 87

[Text] Rangoon, December 18 (XINHUA)—The Chinese broadcasting journalist delegation left here for home via Bangkok, Thailand, this afternoon after a two-week visit to Burma.

The Chinese delegation, led by Zhang Shuyi, director of Beijing Radio Broadcasting Department, is the first Chinese broadcasting journalist delegation to make a study tour of Burma in recent years. During its stay in Burma, the Chinese delegation was accorded a friendly

reception by the information departments of Burma. Burmese Minister for Information and Culture U Aung Kyaw Myint also met with the delegation.

Sub-Saharan Africa

Malian Envoy Presents Credentials to Ulanhu
OW220516 Beijing XINHUA in English 0224 GMT 22 Dec 87

[Text] Beijing, December 22 (XINHUA)—New Malian ambassador to China Nakounte Diakite presented credentials to Chinese Vice-President Ulanhu here this morning.

PRC Delegation Meets Leaders in Mauritius
OW201426 Beijing XINHUA Domestic Service
in Chinese 0738 GMT 17 Dec 87

[Text] Port Louis, 17 Dec (XINHUA)—Mauritian Governor General Ringadoo and Prime Minister Jugnauth separately met with a Chinese Government economic delegation led by Vice Minister Lu Xuejian here on 16 and 17 December. The two sides exchanged views on economic and technological cooperation between the two countries.

Ringadoo expressed satisfaction over the continuous development and expansion of friendship and cooperation between the two countries. Ringadoo and Jugnauth asked Lu Xuejian to relay their cordial regards to the Chinese leaders.

Jugnauth and Lu Xuejian today presided over the foundation stone laying ceremony for the Mauritius (Beilevimauria) Stadium, which is to be built with Chinese assistance. Lu Xuejian and Michael Glover, Mauritian minister of youth and sports, signed the contract on behalf of their respective governments.

Chen Duan, Chinese ambassador to Mauritius, presented some sporting goods to the Mauritian Government on behalf of the Chinese State Physical Culture and Sports Commission here today.

The Chinese Government delegation arrived here on 15 December for a 5-day friendly visit to Mauritius.

Hu Qili Meets Togolese Party Officials
OW220235 Beijing XINHUA in English
1248 GMT 21 Dec 87

[Text] Beijing, December 21 (XINHUA)—Hu Qili, member of the Political Bureau Standing Committee of the Central Committee of the Communist Party of China (CPC), today praised Togo for its foreign policy of peace and nonalignment and its efforts to strengthen African unity and cooperation.

Hu also spoke highly of the achievements made by the Togolese people in national construction, particularly in agriculture, under the leadership of President Gnassingbe Eyadema and the Rally of the Togolese people.

Speaking at a meeting this afternoon with Samon Kortho, member of the Political Bureau of the Rally of the Togolese People, the ruling party in Togo, Hu said peace and development have linked the two parties and two peoples together. "There exists a profound friendship between the two parties and two peoples," he said.

The Rally of the Togolese People and the Chinese Communist Party established friendly relations in 1979.

Kortho and his colleagues arrived here December 10 as guests of the CPC Central Committee. They held talks with leading officials of the International Liaison Department of the CPC Central Committee on the international situation and relations between the two parties.

Following their arrival here, the Togolese visitors also toured Hunan and Guangdong Provinces.

Kortho told Hu that he was deeply impressed by what the Chinese Communist Party and the Chinese Government have achieved in developing their economy and improving the life quality of the people and by the enthusiasm of the Chinese people in their work.

The Togolese officials will leave here tomorrow.

West Europe

UK Secretary Says PRC Trade 'Disappointing'

OW181158 Beijing XINHUA in English
0637 GMT 18 Dec 87

[Text] London, December 17 (XINHUA)—British Trade and Industry Secretary Lord Young says China is a market that British businessmen can approach with confidence in its long-term stability.

Lord Young, who visited China in October, told the Sino-British Trade Council that China is putting an increasing emphasis on giving its provinces commercial autonomy, permitting them to offer new openings for trade.

While expressing satisfaction with the state of relations between the two countries, he stressed that good relations are not enough. Because other countries, principally Japan, are cultivating the enormous Chinese markets, he said, British exports of goods and services have to be able to compete in price and quality.

However, he pointed out that Britain's strengths—in energy, telecommunications, transport, agriculture and industrial modernization—are all priority areas in China's plans for development.

Lord Young said that given the large number of visits sponsored by British trade organizations, the volume of business with China has so far been "disappointing." He maintained that the Federal Germans, French and Italians are all doing better than British exporters.

PLA Political Director on Tasks for 1988
*OW220450 Beijing XINHUA Domestic Service
in Chinese 1407 GMT 21 Dec 87*

[By Reporter Chen Xiangnan]

[Text] Beijing, 21 Dec (XINHUA)—Yang Baibing, director of the PLA General Political Department, stressed today that the guiding ideology for the Army's political work in 1988 is to thoroughly study and implement the guidelines of the 13th CPC Congress, continuously implement the Central Military Commission's "Decision on Political Work in the Army in the New Period," and strengthen political work in the course of implementing political work reform.

The General Political Department recently held a meeting to hear reports on how some military academies and schools are studying the documents of the 13th CPC Congress and the ideological conditions of the students. Yang Baibing said at the meeting: The military has made marked progress in relaying and studying the guidelines of the 13th congress documents. The vast numbers of cadres, fighters, and students have displayed great political zeal in actively studying the documents. The various units, academies, and schools should make the 13th congress documents part and parcel of their political and ethical education, paying special attention to education on the basic line. In studying the documents, it is necessary to strengthen theoretical guidance, properly conduct social surveys, enhance student understanding of the practice of reform, and ensure that the "one central task and two basic points" will take root in the minds of cadres and fighters.

Yang Baibing said: Implementing the 13th congress guidelines should be closely integrated with the execution of Army work, including the reform of political work. Since Chairman Deng took charge of the Military Commission, the military has implemented a series of major reforms. These reforms have effectively promoted the building of a regular and modern revolutionary armed forces and have had a great impact both at home and abroad. In the course of thoroughly studying the 13th congress documents, we should educate the cadres and fighters so that they will have a correct understanding of the situation, features, tasks, and policies of reform in the military. It is necessary to make cadres and fighters clearly understand that in reforming the military, we must uphold the principle of seeking truth from facts, proceed from the realities of the nation and the Army, and, keeping in mind the objective of enhancing the Army's combat capabilities, guide the enthusiasm of the cadres and fighters in such a way that they will vie with one another to be masters of army reform and to contribute to reform.

Speaking of ideological and political work in military academies and schools, Yang Baibing said: Under the situation of reform, the task of ideological and political education has become more arduous. We must pay

special attention to ideological and political work in the course of reform so that a vast number of students will have a better understanding of reform and support reform. The fundamental task of the academies and schools is to bring up qualified people for army building. It is necessary to educate and develop the students so that they will become educated and disciplined cadres with lofty ideals and moral standards. We should always give top priority to raising the students' ideological and political quality and make the spirit of sacrificing one's life for national defense an important criterion in judging whether a student is qualified. An army devoid of the spirit of selfless sacrifice and serving the people wholeheartedly will lose its spiritual support. It would be impossible for such an army to possess a strong fighting will.

Beijing Reviews Efforts To Build Modern Army
*OW191157 Beijing Domestic Service in Mandarin
2330 GMT 16 Dec 87*

[From the "Military Life" program; article by Li Li of the Military History Research Department of the PRC Academy of Military Sciences entitled "Strive To Build a Modern, Regular, Revolutionary Army"]

[Text] Since the founding of the PRC, the role of the PLA has undergone an historic change, from that of seizing political power to that of protecting the people's democratic dictatorship, resisting foreign aggression, and safeguarding socialist construction. In the past 38 years, our Army has advanced on an uneven course, together with socialist revolution and construction, and has made great achievements.

From the founding of the country to 1957, our Army laid down its arms and began to devote itself to peacetime construction. During this period they also laid a solid foundation for a modern, regular army.

From 1958 to 1965, our Army continued to progress, but with the burgeoning of leftism, our Army's education, training, and political work were affected and mistakes were made. During the 10-year turmoil starting in 1966, our Army sustained serious setbacks and damage owing to the obstruction and sabotage of the Lin Biao-Jiang Qing counterrevolutionary clique.

Since 1976 when the Jiang Qing counterrevolutionary clique was defeated, especially after the 3rd Plenary Session of the 11th CPC Central Committee, our Army has entered a new period. Under the leadership of Comrade Deng Xiaoping, chairman of the Central Military Commission, our Army has reaffirmed the defensive strategy, wiped out leftist influence, and brought about a strategic change in the guiding principle for army building. Reform, ingenuity, and vigor has prevailed over the entire Army.

From 1950 to 1957, our Army underwent 4 reductions-in-strength, trimming off nearly 4 million personnel. After the 3rd Plenary Session of the 11th CPC Central Committee, our Army began a new era by focusing on military modernization and achieved significant progress in building a revolutionary, modern, and regular army.

Structural reform and the reduction-in-strength drive, launched in June 1985, have progressed smoothly. To further consolidate the reduced forces, combine peacetime and wartime efforts, and raise efficiency, overlapping organs have been further trimmed, noncombat personnel reduced, combined army groups formed, and new technical troops and reserve force strengthened. Application of electronics, lasers, and computers in training continues to expand, and administration has improved. Our Army has made new achievements in defense research and development and sophisticated weapons. The heroic PLA, with a new look, has begun a new fighting course.

Political work remains our Army's lifeline and a major source of our Army's fighting strength. After bringing order out of the chaos of the 10-year turmoil, our Army has constantly improved itself and blazed new trails while carrying on the fine traditions. Under the instructions of Comrade Deng Xiaoping, chairman of the Central Military Commission, ideological education stressing ideals and discipline has been launched; party thought, organization, and style have been strengthened; the five revolutionary spirits have been brought out in all officers and soldiers; four have's revolutionary soldiers have been cultivated; fulfillment of various missions has been ensured; and advanced collectives and individuals have come to the fore. The Laoshan spirit of sacrificing oneself for the well-being of the 1 billion people and devoting one's youth to the prosperity of China has stirred up a political ferment among all soldiers to commit themselves to national defense.

Looking back at the past, full of pride and enthusiasm, and to the future with confidence, let us work together, under the inspiration of the 13th CPC National Congress and the correct leadership of the Central Military Commission, to build a strong, modern, regular, and revolutionary army.

Air Force Cadres Enhance Sense of Reform
HK220500 Beijing RENMIN RIBAO in Chinese
16 Dec 87 p 4

[Report by XINHUA reporter Sun Maoqing (1327 5399 1987): "Tens of Cadres at and Above Army Levels of the PLA Air Force Attend Training Class, Enhance Their Sense of Reform"]

[Text] At a training class, tens of Air Force cadres at and above the army levels are studying the spirit of the 13th Party Congress in light of the realities. They are determined to speed up various tasks and deepen various reforms in the Air Force so as to push forward the modernization program of the People's Air Force.

Shouldering the heavy task of modernizing the People's Air Force these leading cadres at and above the army level strive to comprehensively and accurately grasp the spirit of the documents from the 13th Party Congress and consciously liquidate the rigid ideas that conflict with speeding up and deepening the reform, as well as "leftist" influence. They said: Since the 3d Plenary Session of the 11th CPC Central Committee, the Air Force CPC Committee and organs have proceeded from reality in various ways such as in educational training; building the pilot ranks; political work; logistics support; and aeronautical engineering. They have put forward and effected over 100 reforms thus pushing the Air Force modernization program forward. However these reforms are only a beginning. At present, compared with the needs for present and future wars we still lag far behind in terms of organizational structure, combined arms warfare and quick response capability, and weaponry, and we should conduct comprehensive and systematic reforms. Therefore with the quickening and deepening of various reforms we must: Overcome the previous tendencies at the mention of reform, of one-sidedly stressing the army's specific characteristics of centralism and unification and of their work during the war years; constantly enhance our sense of reform; open new horizons; foster new concepts; and accept new things in order to adapt ourselves to the new situation in reform and opening up.

In line with the theory on the initial stage of socialism, the Air Force CPC Committee leading comrades have in the course of their studies, defined the guiding thought for Air Force reform in the new period: Subordination to the overall situation in national construction helps enhance the quality of Air Force troops, improves work efficiency, achieves better economic results, develops the enthusiasm and creativity of both cadres and soldiers, and builds the People's Air Force with Chinese characteristics. They called on Air Force leaders at all levels to conscientiously make a success of the organizational and ideological work for the major, Army-wide reform to ensure its smooth implementation and, on the other hand, to vigorously and steadily promote within the functions and powers of the Air Force, the progress of various reforms and to persist in exploring and advancing in the course of reform.

In the course of their studies they energetically discussed and explored methods of doing a good job in Air Force reform and construction. They spoke out freely, putting forward a series of proposals and suggestions on reform of the air force establishment structure, educational training, weaponry, political work, cadre system, and logistic support. The Air Force CPC Committee has written nine major reforms into the Air Force work plan for next year, which can be conducted within the functions and powers of the Air Force. The committee has also studied and arranged for their implementation in a systematic and planned way. For example, it will extend reform of the air force pilots educational training structure and gradually improve the "three-level training"

structure for pilots, that is the flying institutes, training bases, and combat units, having the characteristics of China's Air Force, to speed up the growth in the ranks of Air Force pilots. To reform the scientific and technological equipment management structure, it has put forward plans for the development of air force weaponry for the year 2000; In line with the principle of shortening the battle line, stressing the main points, making overall plans, developing in a coordinated way, and strengthening cooperation with foreign countries, the Air Force will gradually turn air force weaponry into a modern system capable of both offense and defense. It will institute a system under which leading cadres at the divisional, brigade, and regimental levels, and principal officials at the grass-roots levels are held responsible for the attainment of certain objectives during their terms of office, as well as a democratic assessment system, to change the previous malpractice in which officers were not dismissed if they did not make serious errors. Moreover, the Air Force CPC Committee has instructed the relevant departments to quickly sort out the reform items that should be reported to the general departments or the Central Military Commission and to submit their reports accordingly. Regarding some reform items for which the conditions are not ripe it is also considering how to create the necessary conditions to facilitate their implementation at an early date.

China To Announce Olympics Decision 7 Jan

HK221122 Hong Kong AFP in English
1102 GMT 22 Dec 87

[Text] Beijing, Dec 22 (AFP)—China will announce on January 7 whether or not it will participate in the 1988 Seoul Olympic Games, a State Sports Commission spokesman Wan Boao said Tuesday.

Mr Wan, questioned by telephone on China's participation, declined to say whether a decision had been taken but said it would be announced January 7, 10 days before the International Olympic Committee (IOC)'s closing date for entries.

However, he said "Chinese athletes are currently training in preparation" for the Games.

East European sources said recently that China told North Korea in November that it would participate in the Games, even if Pyongyang staged a boycott.

Western diplomats in Beijing said China will almost definitely take part in the Olympics, despite not having diplomatic relations with South Korea.

China, who will host the 1990 Asian Games, hopes to host the Olympics in the year 2000.

China participated in the Olympics for the first time in 30 years when it competed at the 1984 Los Angeles Games and won a total of 15 medals, placing it fourth behind the United States, Rumania and West Germany.

Beijing sent a delegation of 515 athletes and officials to last year's Asian Games held in Seoul, despite China's alliance with North Korea.

North Korea has threatened to ask its allies to boycott the Seoul Olympics if an agreement is not reached on holding part of the Games in Pyongyang.

North Korea has demanded without success to be named co-host of the Games, and talks on a "final" IOC-Seoul proposal that Pyongyang stage events in volley-ball, cycling, archery, table-tennis and football are deadlocked.

HONGQI on Initial Stage of Socialism

HK181354 Beijing HONGQI in
Chinese No 23, 1 Dec 87 pp 40-41

[Article by Zhang Wenkui (1728 2429 1145): "Why Is It That China Can Embark on the Socialist Road Without Going Through the Stage of Fully Developed Capitalism, But Cannot Bypass the Initial State of Socialism Without Going Through Tremendous Development of the Productive Forces?"]

[Text] This issue actually involves two aspects of social development: 1) changes in the two social factors, namely, fundamental changes in the relations of production and the entire social system; 2) changes in different stages of development under the same social system, namely, the self-development and perfection of the relations of production and the entire social system as the productive forces develop. We should discuss these two questions.

The changes in the social system are determined by basic contradictions in society. They are also a complicated social process that involves various social functions. While expounding the law governing the development of human history, Marxist political economy points out: The fact that the capitalist system is replaced by a socialist one objectively demonstrates that the relations of production should conform with the development of the productive forces. It is also an inevitable outcome of the movement of opposites between the socialization of social production and private ownership of the means of production. However, this conclusion only explains the general law governing the development of human history, and stresses the historical inevitability of the replacement of the capitalist system by a socialist system. When and under what circumstances a certain country will embark on the socialist road is the realization of the general law, and a historical event occurring in the course of the movement of the general law. This should be differentiated from the general law itself. The fact that China embarked on the socialist road without going through the fully developed capitalist stage is precisely a historical change that occurred in the process of realizing the general law which governs the development of human history under special international and internal environments. As far as the international environment is

concerned, the Chinese revolution took place in the period of imperialism and proletarian revolution, following the victory of the October Revolution in Russia in particular. Owing to imperialist rule over colonies and dependencies, and the reliance of big landlords and big bourgeoisie on imperialism, imperialism never allowed China to embark on an independent capitalist road. This was proven not only by the failure of the Chinese revolution which occurred during the 80 years after 1840, but also by the 22-year sinister rule of the Chiang Dynasty and the history of the world after World War II. Therefore, the only way out for China was to free itself from the capitalist system and embark on the socialist road. As far as the internal environment was concerned, on the one hand, the Chinese people had a strong desire to change the existing social conditions and made unremitting efforts to carry out protracted struggle. In particular, around the 1920's the Chinese working class entered the historical arena as an independent political force. On the other hand, owing to the weakness of the national bourgeoisie, it was impossible for the Chinese bourgeoisie to shoulder the task of leading the Chinese democratic revolution toward victory and independently developing capitalism. In such a way, the task of leading the Chinese democratic revolution was put on the shoulders of the proletariat and its political party. Therefore, after the victory of the new democratic revolution, China was able to embark on the socialist road under the leadership of the CPC by relying on the strength of the state power and other superstructure, and so on, and through adopting a series of social measures in the political, economic, and ideological fields.

Briefly put, the fact that China embarked on the socialist road without going through the fully developed capitalist stage was not a subjective desire of a certain individual. It was an inevitable outcome of the movement of opposites and the intersecting role of both international and internal conditions. This is in accord with the general law governing the development of human history, and a fundamental Marxist principle on the relations between the productive forces and the relations of production on the one hand, and between the economic base and the superstructure on the other.

The changes in the stages of development in a socialist society are another problem. Such changes do not mean the replacement of one social system by another. They only mean the self-development and self-improvement of the same social system. This is a "natural historical process" in the development of social-economic formation. ("Complete Works of Marx and Engels," Vol 23, p 12) To accelerate the development of this process, we are not allowed to do something that is tantamount to helping the shoots grow by pulling them upward, or to impose social compulsion on it. We can only follow a down-to-earth manner to make efforts to promote the development of the productive forces. The development of the social productive forces is a process of gradual historical accumulation. People are not allowed to freely

choose productive forces, or to overstep the development of the natural stages of the productive forces. Therefore, it is impossible for them to choose their present stage of development because it is determined by the level of development of the productive forces. In this connection, Marx made the following assertive comment: "A society might explore a general law which governs its movement.... It cannot overstep, or abolish by decrees the natural stage of development." (Ibid., p 11) When we link all this with the process of development of the Chinese revolution and construction, we may stress with perfect assurance: The fact that China embarked on the socialist road without going through a fully developed capitalist stage was the choice of history. In the meantime, we should also admit that since beginning socialism, the level of China's productive forces has still lagged far behind that of the developed capitalist countries. It is precisely because of the fact that we overstepped the fully developed capitalist historical stage that we are naturally not allowed to bypass the initial stage of socialism. This initial stage is neither short nor brief. If the duration is started from the 1950's when the socialist transformation of the private ownership of the means of production was completed, it will take at least 100 years for us to go through the initial stage of socialism.

We had a profound lesson to learn from the issue of overstepping stages of development. Nearly 20 years after the basic completion of socialist transformation, we arbitrarily upgraded production relations and exaggerated counteraction of production relations and superstructure, showing no consideration for China's current conditions and the actual level of the development of productive forces. By relying on mass movements, we tried to overstep insuperable stages at our own subjective desire. We suffered much because of this. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has proceeded from the actual reality of China to carry out arduous work in order to make an exploration in both theories and practice. We have realized that we are still in the initial stage of socialism. Therefore, we have accordingly worked out a series of correct lines, guiding principles, and policies in order to promote the development of the productive forces and social progress. This is an important theoretical achievement resulting from a correct understanding of the national conditions of our country. It is also a matter of profound significance for the development of scientific socialism.

Importance of Cadre Reform Stressed

HK200211 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 1510 GMT 18 Dec 87

[Text] Beijing, 18 Dec (ZHONGGUO XINWEN SHE)—The issue of reforming China's cadre personnel system has become a major topic discussed by many people.

Cheng Baoquen, a quality economist in China, even entered himself for a postgraduate student enrollment examination in order to get a transfer to a job which

suited him better. RENMIN RIBAO today reports this event. Cheng is the founder of the academic branch of quality economics and is a scholar well-known to the world. His works have been translated into various languages and circulated to 46 countries and regions. He is now deputy director of the Economic Commission of Huanggang Prefecture, Hubei Province, and director of the prefectural bureau of weights and measures and standardization. He hoped that after accomplishing the 3 years' postgraduate studies, he would be able to find a new job enabling him to bring his specialty into full play.

RENMIN RIBAO says that "this was an ironic event." However, such events are not unusual in China. The long-standing rigid personnel system in China has tied most people to a single job throughout their lives and deprived them of any opportunity to change jobs. In many cases, people are not assigned to jobs that suit them best. Coupled with the promotion conventions, which is mainly based on seniority, many talented and capable people cannot rise to the correct position and play the greater role that they are capable of. Many units try by any means to obstruct the movement of capable people under the pretext of "cherishing and protecting talent." All this has wasted a great deal of talent in China, a country which is badly in need of capable people.

Not long ago, ZHONGGUO QINGNIAN BAO published a survey report concerning 38 learned people who had taken masters degrees in business administration at foreign universities but who could not be assigned to jobs that enabled them to bring their learning into full use. The report aroused acting Premier Li Peng's attention and evoked strong repercussions among readers. Yuan Baohua, vice minister of the State Economic Commission, made a speech on this situation, saying that the competition mechanism should be introduced to the cadre personnel system. Capable and talented people should be allowed to find the best jobs through market competition. Without the necessary personnel movement, people's abilities and talents will not be fully and rationally utilized. Henceforth, more propaganda should be made on this point.

The reform of the cadre personnel system, like reforms in other fields, will also be arduous. In any case, the Chinese authorities have paid close attention to this issue. The responsible person of the National Center for Personnel Exchange under the Ministry of Labor and Personnel said that from January 1983 to the end of 1986, the organizations for personnel exchanges at various levels in all parts of the country succeeded in transferring more than 285,000 people to more suitable jobs. He said that more comprehensive measures have yet to be taken in order to radically solve the problem of people being assigned to jobs unsuited to their abilities. The most important thing is to quicken the reform of the current personnel system and to work out concrete regulations for rational personnel management as soon as possible. Meanwhile, it is necessary to gradually set up a personnel market.

ACFTU Resolution on Party Guidelines
OW211231 Beijing XINHUA Domestic Service
in Chinese 1238 GMT 18 Dec 87

[Text] Beijing, 18 December (XINHUA)—Conscientiously Study and Implement the Guidelines of the 13th Party Congress, and Arm the Hundreds of Millions of Workers and Staff Members with the Party's Basic Line

(Resolution adopted by the 10th Executive Committee of the All-China Federation of Trade Unions [ACFTU] at its 5th plenary meeting on 18 December 1987)

The 13th CPC National Congress was a meeting of far-reaching historical significance. The theory of the initial stage of socialism and the party's basic line put forward by the congress represent a historic leap forward in integrating Marxism with practice in China. The theory and the basic line will guide the people throughout the country in advancing along the road of building socialism with Chinese characteristics. The 5th meeting of the ACFTU's 10th Executive Committee holds: The important task of trade unions at all levels is to firmly speed up and deepen reform, to publicize the party's basic line and conduct education in it regularly and extensively, and to arm the hundreds of millions of workers and staff members with the guidelines of the 13th Party Congress. The meeting calls on the large numbers of trade union cadres across the country to unite the broad masses of workers and staff members, to conscientiously study the report of the 13th Party Congress, and to bring into full play the role of our working class as the main force in carrying out the tasks set by the congress.

It is necessary to have a correct understanding of our country's conditions, to profoundly understand the theory of the initial stage of socialism, and to conscientiously implement the party's basic line. The theory of the initial stage of socialism is a truth acquired through profound and repeated considerations, after more than 30 years of successes and setbacks experienced by our party and people. This theory enables us to again understand socialism in the light of our country's conditions and provides us with a basis to grasp and implement the party's basic line, principles, and policies. This theory is one that urges people to advance vigorously. The party's basic line is the only correct line guiding us toward socialist modernization. Workers and staff members throughout the country should confidently and bravely advance in the forefront, conscientiously implement the party's basic line, and be prepared to work hard for a long time to achieve the grand strategic goal of economic development step by step and enable China to rank among the world's developed countries.

It is necessary to foster the idea of doing everything for the purpose of developing productive forces and to be the locomotives of socialist modernization. The basic task of a socialist society is to develop its productive forces. The basic way is to accelerate the development of

the productive forces in order to put an end to poverty and backwardness and to gradually satisfy the growing material and cultural needs of the people. The working class represents the advanced productive forces. All workers and staff members should work conscientiously, pay close attention to work quality, and make the best use of their time. They must concentrate their energies on socialist modernization. It is essential to respect knowledge and talented people, to learn and grasp new technologies, and to meet the challenge of the new technological revolution in the world. Continued efforts should be made to strengthen labor discipline and to foster professional ethics. Workers and staff members should be well-educated and self-disciplined people with lofty ideals and moral integrity, contribute to the four modernizations, extensively and persistently carry on the "double increase, double economy" campaign, achieve better labor productivity, and ensure the steady growth of the national economy.

We should clearly realize that reform means self-perfection of the socialist relations of production and of the superstructure, and that it is the motive force in promoting the development of all work. Workers and staff members should plunge into reform as masters of the country. Reform represents the basic interests of the working class and the people throughout the country. The working class is the decisive force in carrying out comprehensive reform in urban areas. It is necessary to support the managerial contract responsibility system, to implement measures to deepen the reform of enterprises, including the system of full responsibility of factory directors, to fully mobilize the initiative of managers and producers, and to make concerted efforts to increase the vitality of enterprises. Reform is a revolution, and unavoidably meets with setbacks and runs risks. Proceeding from the overall situation, we should boldly explore problems occurring in reform and play an active part in solving them. At the same time, we should oppose and resist wrong acts, committed in the name of reform, that harm the interests of the state and the legitimate interests of workers and staff members.

It should be clearly understood that the socialist economy is a planned commodity economy, and that vigorous efforts should be made to promote its development. We should further emancipate our minds and change our ideas; we should not regard those things that are originally not socialist as indications of socialism's superiority, nor should we treat things that are not capitalist as capitalist. We should do away with the traditional idea that the broader the sale and the higher the level of ownership, the better. An important policy in developing the commodity economy and liberating the productive forces is to develop diverse sectors of the economy and diverse forms of distribution and management provided public ownership remains dominant. Continued efforts should be made to do away with such old ideas as "the iron rice bowl," "eating from the same big pot," and equalitarianism. We should establish the concept of competition and markets, pay attention to the future of

our enterprises, and strive to increase our enterprises' ability to compete. We should encourage well-managed enterprises as well as individuals who do honest work to become well-off first. We should widen the differences in personal income to a reasonable extent but prevent polarization of rich and poor at the same time, enable all people to move toward common prosperity, and bring about social equity while improving efficiency.

Imbued with a strong sense of social responsibility, we should be models in maintaining stability and unity. Social stability is indispensable to ensure the smooth development of reform and construction. The working class should play a leading role in maintaining social stability. Trade unions should organize workers and staff members to actively participate in consultation and dialogue in society, and in democratic management and supervision, in order to promote the building of a socialist democracy. We should resolutely support new persons and new things that are conducive to the development of reform and construction; combat bureaucracy; expose violations of the law and discipline, such as abusing one's power to seek personal gain and bending the law for the benefit of one's relatives or friends; and resist unhealthy tendencies. We should strengthen the unity of workers and staff members, the unity of workers and staff members of various nationalities, and the unity of the working class with the peasantry and other working people. We should study, understand, and abide by the law and conscientiously maintain social order.

We should be a new generation of pioneers working in the spirit of self-reliance and building enterprises through arduous effort. History and our country's conditions have determined that our generation and several generations after us will remain in a period in which we have to build enterprises through arduous efforts. We should maintain and develop the glorious tradition of the working class, and foster the idea of doing pioneering work for a long time to come. We should build our country and run enterprises and other undertakings through thrift and hard work. We should resist the unhealthy tendency of being ostentatious and extravagant, encourage people to practice economy and to vie with one another in contributing to the state, and work hard and wisely to build a beautiful future and bring about the rejuvenation of our nation.

Studying and grasping the guidelines of the 13th Party Congress is not something that can be done in a short time. All workers and staff members should be determined to use 2 or 3 years' time to do a good job in carrying out this ideological and political project of great significance. Trade union cadres at all levels, especially leading cadres, should take the lead in studying the report to the 13th Party Congress and grasping its essence. Keeping in mind the practical experiences of their own areas or units, they should further emancipate their minds, raise their political consciousness, set an example with their own conduct, and rely on the masses to further deepen reform and develop the economy.

In publicizing the party's basic line and conducting education in the basic line among the broad masses, it is necessary to uphold the principles of democratic discussion, persuasion, and self-education. It is necessary to organize workers and staff members who can read to conscientiously study the report to the 13th Party Congress and to understand and digest its essence through discussion. Efforts should be made to train key theorists among workers and staff members and to bring their role into full play. We should hold lectures for workers and staff members, give them guidance in study, or set up spare-time political schools to systematically educate them for a long time to come. Keeping in mind what the masses regard as "hot spots" or "doubtful points," we should do thoroughgoing ideological and political work among them. We should do such work in every basic unit and every corner through newspapers published for workers, palaces of culture, clubs, democratic dialogue, seminars, self-study, and competition in knowledge.

The 13th Party Congress has set higher requirements and more arduous tasks for trade unions. Carrying out economic construction as the central task, trade unions at all levels should play a bigger role in reform and construction and do a good job in reforming themselves. Under the party's leadership, trade unions should independently do their work and actively participate in the administration of state and social affairs. While safeguarding the general interests of the people throughout the country, trade unions should better represent and protect the specific interests of workers and staff members in order to win their trust. Trade unions should play their role in maintaining social stability and promoting reform and economic development.

Trade union cadres, workers, and staff members, let us unite! Under the great banner of the 13th Party Congress, let us emancipate our minds, strengthen our spirit, blaze new paths, be the main force in reform, contribute to the four modernizations, and work hard to build our country into a prosperous, powerful, democratic, civilized, and modern socialist state!

State Council Restructuring Hainan Prefecture
OW200910 Beijing XINHUA in English 0751 GMT 20 Dec 87

[Text] Beijing, December 20 (XINHUA)—China's State Council has decided to revoke the status of the Li-Miao Autonomous Prefecture on Hainan Island, and instead set up seven autonomous counties, "PEOPLE'S DAILY" reported today.

The new counties are the Li-Miao autonomous counties of Baoting and Qiongzong, and the Li autonomous counties of Baisha, Lingshui, Changjiang, Ledong and Dongfang.

"The change is to reduce the intermediate links in the administration and improve work efficiency while maintaining the various preferential treatments the minority ethnic people have had," said Xu Shijie, head of the preparatory group for the establishment of Hainan Province.

Hainan, still a part of China's Guangdong Province at present, will soon become the country's youngest province.

Zhao Ziyang, Li Peng Meet Rural Entrepreneurs
OW200649 Beijing XINHUA Domestic Service in Chinese 1133 GMT 18 Dec 87

[Text] Beijing, 18 Dec (XINHUA)—Several central leaders met with the participants in the national conference on the export work of rural enterprises and had a photo taken with them in the Great Hall of the People this afternoon. The leaders were Zhao Ziyang, general secretary of the CPC Central Committee; Li Peng, member of the Standing Committee of the Political Bureau of the CPC Central Committee and acting premier of the State Council; and Tian Jiyun and Li Tieying, members of the Political Bureau of the CPC Central Committee.

Comrades Zhao Ziyang and Li Peng fully affirmed the role played by China's rural enterprises in export and encouraged the conference participants to bring into further play the strong points of rural enterprises, strive to improve the quality of products, constantly enhance the competitive power of their products in the international market, and make new contributions to the development of China's rural enterprises.

The national conference on the export work of rural enterprises closed this morning.

Zhao Sees Rural Firms as Key to Exports
HK190758 Beijing CHINA DAILY in English 19 Dec 87 p 1

[Text] Rural industries are expected to play an important role in the country's bid to develop an overseas-oriented economy and increase export earnings, says Party General Secretary Zhao Ziyang.

In reporting his views yesterday, ECONOMIC DAILY quoted him as saying, "township enterprises have their advantages and we expect much from them in developing an export-oriented economy."

Such enterprises should be treated on an equal footing with State-run enterprises, he added. Any problems of discrimination must be investigated and solved.

Zhao's remarks were revealed in a speech on Wednesday by Vice-Premier Tian Jiyun after he heard a report at a recent national conference on the development of rural industries for export production.

According to the Ministry of Agriculture, Animal Husbandry and Fisheries, China now has more than 15 million township enterprises with a total of more than 80 million employees.

Of these, 11,000 were export-oriented and earned \$4.5 billion in foreign exchange last year, accounting for 16 percent of the country's total. This year their export earnings are expected to reach \$5 billion.

Tian said township enterprises should be allowed to retain part of their foreign earnings and preferential arrangements should ensure they get enough supplies for producing export goods.

They should also be encouraged to build their own bases to supply raw materials, he said. They should be allowed to import raw materials from abroad for export production. Tian said the development of rural industries was one of the objectives of the country's modernization drive. These enterprises have absorbed surplus rural labour at the same time as creating rural prosperity.

He said he favoured sustained, steady development of rural enterprises rather than sharp ups and downs.

Technical transformation of township enterprises should be stepped up to promote export production and improve management, he said, while measures should be taken to encourage a better use of market information and the issuing of bank loans.

But Tian warned rural enterprises against taking too much land for capital construction. They must also pay attention to environmental pollution problems and ensure the quality and safety of their products, he said.

Tian Jiyun Attends Trade Association Meeting
SK220421 Beijing BEIJING RIBAO in Chinese
8 Dec 87 p 1

[Text] The Beijing World Trade Center Association was formally established on 7 December.

As a nonprofit organization its aim is to provide various services to promote and strengthen the economic and technological cooperations and trade contacts between Beijing Municipality and foreign countries. Its tasks are to provide information and material services for developing the world trade and international economic and technological cooperations, to strengthen mutual understanding and cooperations among the members of the World Trade Center Association, and to help members of the Beijing World Trade Center Association develop economic and trade relations with various foreign countries and (regions).

Present at the 7 December inaugural meeting were Tian Jiyun, vice premier of the State Council; Jia Shi, chairman of the China Council for Promotion of International Trade; Chen Xitong, mayor of Beijing Municipality; and Han Boping and Sun Fuling, vice mayors of Beijing Municipality.

Last September, the World Trade Center Association decided to accept the Beijing World Trade Center Association as a formal member. At the 7 December inaugural meeting, Mr Yamada, chairman of the board of directors of the World Trade Center Association, issued a membership certificate to Gao Sen, chairman of the board of directors of the Beijing World Trade Center Association.

Li Xiannian Meets Taiwan Compatriots
OW191449 Beijing XINHUA in English 0823 GMT
19 Dec 87

[Text] Beijing, December 19 (XINHUA)—Chinese President Li Xiannian met more than 100 Taiwan compatriots living on the mainland at the Great Hall of People here this morning.

These Taiwan compatriots were here to attend a conference for the election of Taiwan deputies to the Seventh National People's Congress scheduled to be held next spring.

The president expressed his best wishes to the Taiwan compatriots a happy new year. He expressed the hope that the people of the whole country would unite to build their socialist country.

Thirteen Taiwan deputies were elected at the conference which was held between December 14 and 19.

Commentator on Development of Poor Areas
HK170945 Beijing RENMIN RIBAO in Chinese
14 Nov 87 p 2

[Commentator's Article: "Do a Good Job in Helping Poor Areas in the Spirit of Reform"]

[Text] Recently, the State Council issued a circular "On Strengthening Economic Development In Poor Areas." This is another important document after the circular jointly issued by the party Central Committee and the State Council in 1984 entitled "On Helping Poor Areas Put On A New Look As Soon As Possible." This document bears an important guiding significance in the economic construction of our country's poor areas. The development of poor areas is related to our country's overall economic development. The state has done a great deal of work and put in a great deal of material and money in poor relief. However, for a long time the state has only been providing relief, giving out food and clothing year after year. This met urgent needs but did

not help much in the economic development of poor areas and, to a certain extent, brought about a dependent mentality among some people.

Practice has demonstrated that assistance from the state to poor areas is essential if basic conditions for economic changes in poor areas are to emerge. However the methods of assistance must also be reformed, otherwise it will be impossible to bring the internal impetus for economic self-development in poor areas into play. In recent years, and especially since last year, the party Central Committee and the State Council have implemented drastic reforms in this aspect. They have changed from solely providing relief to helping key development of commodity production and thus changed the fundamentals in assisting the poor. We can say that economic development in all of the poor areas has begun and the results are obvious. In areas which have done well the economy has entered a new stage.

The first step of the reform is successful. However this is only the beginning of this enormous effort toward the economic development of poor areas. The future task is arduous. To fulfill the goal of solving the food and clothing problem for the majority of the people in the "Seventh 5-Year Plan" requires a great deal of effort. The key tasks at present are to grasp, implement, and deepen reform.

Implementation means, according to different conditions in various places, translating the line, policies, and economic developmental plans of the central authorities into specific measures and plans, and implementing them in each poverty-stricken household so that people will obtain practical and effective assistance, and gradually step out on the road toward wealth by developing mainly commodity production. This is a hard task and not a soft instruction. It is necessary to adopt thorough methods in carrying out meticulous work among households and families, and avoid using increases in average income of peasants in some areas to cover the fact that a great number of poor households still exist.

Reform means to carry on implementing those reform measures which have proved effective to continue to make new breakthroughs. It is necessary to change the traditional method of solely depending on the administrative setup to relieve the poor. We should boldly use the talented in the villages and let them take the lead in setting up various economic bodies for poor relief. We should introduce the competitive mechanism into the economic development of poor areas; determine developmental projects; invite public bidding and contracts; guide and promote the development in poor areas which will coordinate with the development of prosperous areas; and distribute capital funds according to usage returns as much as possible. We should give more to those who use the funds well, and give less or nothing to those who do not, so as to raise the usage returns of the funds.

The economic development and reform of poor areas is not only the concern of those in the poor areas but also a common undertaking for people throughout the country. We hope more enterprises, industries, and units, and those with lofty ideals in the comparatively advanced areas, will give more attention to this great matter and actively offer plans for relieving the poor as soon as possible, and for the development of the wealth and prosperity of the whole nation.

Article Views Needs for Market Reforms
HK220241 Shanghai SHIJIE JINGJI DAOBAO in Chinese 30 Nov 87 p 11

[Article by Li Xiaoxi (2621 2556 6007), Wang Yizhou (37696654 5297), Fan Gang (2868 0474), Zhong Dong (1813 2639), Wang Zhenzhong (3769 2182 0022), and Song Ze (1345 0463): "The Main Characteristics and Contents of the Train of Thought on Market Reform—A Strategic Choice in Deepening Reform"—passages in boldface as published]

[Text] Conflicting enterprise, individual, and state economic activities and dilemmas are a product of the transitional double-track system, which features the coexistence of both new and old things. It leads to increased disturbances and conflict in the working of the economy and will make both planning and the working of the market "disorderly," bring about a lopsided system, and impede both the deepening of the reforms and economic development.

One of the main issues discussed at the "13th CPC National Congress" was that of deepening and speeding up the reforms. It is also a question which we must explore and answer without delay. We think that:

1. It is necessary to take seriously the major difficulties besetting our efforts to deepen the reforms: that is, the double-track transitional system and the hidden malign cycle.

The replacement of an old system by a new and their coexistence have brought about some "double-track" operational mechanisms. These "double-track" mechanisms include "double-track pricing" and have a much broader scope. Along with the traditional planning operational mechanisms, the framework of which is made up of the planning system, the pricing system, the system governing the supply of goods and materials, the financial system, the banking system, the commercial system, and the investment system, some still imperfect market mechanisms, which are not called for by the plans, have come into existence. Thus, there is a "double-track" system in a wide sense running through various economic spheres. All economic entities are covered by the scope of the working of this double-track system and must abide by two different sets of operational rules.

Under the condition of the coexistence of a new system and an old and the double-track operation of the economy, we have great difficulty revitalizing the enterprises. The owners of enterprise assets continue to function as owners in state-owned units and in units owned by the whole people under the traditional system. However, the operators of enterprise assets are becoming the principals as far as the working of the market is concerned. Thus, the "separation of two types of authority" cannot be expressed as the separation of asset ownership from managerial authority in the unified working of the market, but is expressed as "the separation of two types of authority" under a "double-track system." This means that while enterprise ownership is mainly confined to the planning system, managerial authority is now partially involved in the working of the market. As far as property and distribution are concerned, the pattern of the relationship between enterprises and the state is in substance still very traditional. Thus, on the one hand, it is difficult for enterprises to "assume sole responsibility for profits and losses" and, on the other, the state still remains "patriarchal [fu ai zhu yi 3637 1947 0031 5030]." As a result, the enterprises show little initiative in independent operations, accumulation, and development and their enthusiasm for all this has greatly weakened and the transformation of operational mechanisms is thus out of the question.

Under the condition of the coexistence of a new system and an old and the double-track operation of the economy, the economic activities of an individual playing the roles of a producer, an operator, and a consumer are bound to be contradictory. As a producer, an individual would do his best to keep his "iron rice bowl" in addition to trying to get more income out of the new system. As an operator, he would certainly want to secure from the new system the right to sell commodities at high prices and at the same time obtain a cheap supply of commodities from the old system. And as a consumer, he would like a "prosperous market" and yet yearns for the "stable prices" under the old system.

Under the condition of the coexistence of a new system and an old and the double-track operation of the economy, macroeconomic control cannot be effective whether it is relaxed or strict. The readjustment of various parameters [tiao zheng can shu 6148 2419 0639 2422] and indirect control are useless as far as the working of plans is concerned. However, the strengthening of planning and direct interference are detrimental to the operation of the market. In addition, by making simultaneous efforts to uphold the double-track system, we will make macroeconomic control measures mutually contradictory. Thus, we can see that the government is trying to eliminate the defects of the old system by introducing market mechanisms. However, it is at the same time forced to use the means prescribed by the old system to handle the problems concerning the operation of the market. Administrative interference and control can only lead to further and more serious difficulties.

Conflicting enterprise, individual, and state economic activities and dilemmas are a product of the double-track transitional system, which features the coexistence of both new and old things. There are contradictions inherent in the double-track system. This system can abruptly lead to increased disturbances and conflict in the working of the economy. The long-drawn-out double-track transitional system will make both planning and the working of the market "disorderly," bring about lopsided systems, and impede both the deepening of the reforms and economic development. Of course, the emergence of the double-track system is a historical necessity. However, given the increasingly serious conflict between the old and the new systems, one can hardly afford to underestimate the likelihood of the revival of the old system. Signs of the emergence of a malign economic cycle are becoming observable. The reforms are at a critical moment.

2. The purpose of the market reforms is to build socialism on the basis of a market economy.

Rethinking the economic reforms, we have discovered that although it is perfectly correct to regard a planned commodity economy as the goal of our reforms, people are liable to understand a "planned commodity economy" differently and, as a result, will think of the reforms differently. The main question is whether the socialist economic reforms should be characterized by "scientific planning" or the "domination of the working of the economy by the market," which are two completely different ideas.

Those who advocate "scientific planning" think that the socialist economic operational mechanisms are in substance planning mechanisms. The socialist planned economy needs to be reformed because planning has been unsuccessful. Thus, we can successfully fulfill the task of reforming the socialist economy by making our plans more scientific. As for the market, we can introduce a "simulated" or partially open one. "Commodities," according to these people, are not necessarily a product of market operational mechanisms. The planning departments can reckon their reasonable prices by applying modern econometrical methods. This is actually tantamount to a "computer utopia." This view stresses the word "planned" in the expression "planned commodity economy" and suggests that the purpose of the reforms is to perfect the planned economy, in which a commodity-currency relationship exists.

On the other hand, the advocates of the "domination of the working of the economy by the market" think that socialism should be built on the basis of a market economy. A "planned commodity economy," according to these people, is a market economy subject to state regulation. The socialist economic structure should be reformed because the old structure disallows market economies. Historical experience tells us that without market mechanisms, planning can only be speculative and can never be successful. Only plans, the main

purpose of which is to guide and which are based on a market economy, can encourage all members of the community to work in pioneering spirit and only when this condition is satisfied can we base planning on economic laws. Here, the words "commodity economy" in the expression "planned commodity economy" are stressed and a sociabist economy means a commodity economy guided by socialist state plans or a market economy.

In theory, a commodity economy is a market economy. According to Marxism, exchange is a necessary condition for the existence of commodities and, without commodities, there would not be any commodity economies. The market is the sum total of all exchange relationships. Thus, generally speaking, a commodity economy is a market economy. State regulation of the market is a common characteristic shared by all modern market economies. However, the social character of a market economy is dependent on the questions of to which class a state belongs and of how it regulates things, on differences in objectives of plans, and on differences in norms of value. The substance of a socialist economy is not so much determined by modes of ownership or modes of distribution as by whether members of the community have equal ownership and distribution rights.

The goals of the reforms are not a purely theoretical question. They are directly related to our evaluation of the present state of the reforms and to our choices in deepening the reforms. To bring about a socialist market economy, we should regard the "double-track system" as a transitional system and confine it within the narrowest possible limits.

The goals of the reforms are not a purely theoretical question. They are directly related to our evaluation of the present state of the reforms and to the question of our line of thinking on how to deepen the reforms. To bring about a socialist market economy, we should unswervingly "develop and perfect the socialist market system," regard the interim administrative measures and the direct, planned management means that we have adopted in view of the actual circumstances as some roundabout methods which we are forced to adopt, confine them within the necessary limits, regard the double-track system as a transitional system rather than a new system, and make unremitting efforts to work out the laws governing the working of the unified market economy.

3. The major characteristics and main features of the market reforms.

The transformation of a highly centralized planned product economy into a state-regulated market economy is an essential change and the reforms, as pointed out by Comrade Deng Xiaoping, constitute a second revolution. Since an economic system is a holistic system and has internal coherence, the complete replacement of the

old system by the new must not be delayed. The intensified conflict accompanying the replacement of the old system by the new tells us that as far as the reforms are concerned, it is almost time we replaced quantitative changes with qualitative changes.

This great change should be signified by the comprehensive development of a market economy. Its fundamental characteristic is socioeconomic life brought into market orbits in its entirety. This means that:

1) In all economic spheres and domains, we should make vigorous efforts to develop all types of markets, such as labor markets, money markets, foreign exchange markets, stock markets, bond markets, technology markets, information markets, real estate markets, capital goods markets, and consumer goods markets, in order to bring about a complete market system. The practice of commodity economy tells us that the absence of any one of the above types of markets can bring about dislocations in the market system and hamper the formation of internal links and a feedback circuit in the working of the market. A structurally incomplete market cannot function smoothly and it impedes the flow and circulation of the key elements of production and prevents resources from being rationally distributed.

2) We should introduce on a large scale market mechanisms, such as competition, risks, and supply and demand mechanisms, introduce various market parameters into the market, and make them work. If the market parameters are rigid, the market mechanisms cannot play their regulatory role normally. Only when the parameters are working normally can various types of markets be linked by some internal ties and produce market forces that both complement and restrain each other.

3) We should establish various types of economic organizations that operate in the market and develop economic sectors characterized by different types of ownership, particularly one characterized by the joint-stock system. This means that we should establish enterprises that operate independently, make enterprise operations conform to market trends, evaluate economic results on the basis of market situations, constrain organizations that organize activities which run counter to market trends, and try to put the market on a more solid basis through the reform of ownership relations.

4) The renewed recognition of property ownership by law is an important problem as far as the current reforms are concerned. It is also a basic condition for the market reforms. Acknowledgement of the rights of enterprises owned by the whole people to a certain quantity of fixed assets and to some increased fixed assets is related to our efforts to smooth out the property and distribution relations between the state and enterprises, to changes in modes of macroeconomic regulation and control, and to the formation of motives that stimulate enterprise accumulation of wealth. The state property commissions and

investment corporations formed for this purpose will participate in market competition as equal participants. Both personal property and state property are inviolable. The law sanctions all citizens' lawful income, no matter how great it may be.

5) In the course of market development, we should help the state function better in regulating the economy, improve socialist economic planning, and ensure that the state can effectively regulate the economy by means of plans, so that "the market is regulated by the state and enterprises are guided by the market." We also should aim at upholding and stabilizing the working of the market, speed up the reform of the financial and banking system, and help the industrial, commercial, and audit departments function better in market management. State-owned commercial, supplies, and foreign trade enterprises should try to regain their leading position in wholesaler business by participating in market competition.

6) We should formulate economic regulations, establish organs dealing with the legal system, perfect them, try to reconcile by legal means the economic contradictions involved in the working of the market, and make market operations conform to certain norms.

In conclusion, it is necessary to work out reform plans with a view toward establishing a new system and perfecting the market operational mechanisms and with our attention focused on market development and to modify those reform measures that are destructive but not constructive.

Article on Planned Financial Controls
HK181601 Beijing LIAOWANG in Chinese
No 49, 7 Dec 87 p 4

[Article by Yu Youhai (0060 2589 3189): "Tightening Is for Relaxing"]

[Text] In economic activities, many people are accustomed to regarding relaxing control as all that constitutes reforms. It is true that there is a need to relax excessive control. But under certain circumstances, tightening control is necessary because it is beneficial to reforms. To further stabilize the economy and carry out reforms more profoundly, the state will introduce a policy of deflation in the financial field in 1988. No one can avoid involvement in this issue.

The state's deflationary arrangements will affect people in all fields. In particular, localities will suffer most. According to the plan that has been announced, local finances will have to bear three types of pressure in 1988: A proportion will be deducted from local revenues and delivered to the central financial departments for special purposes; a proportion will be deducted from local funds for the construction of some of the key projects originally financed by the state; and a proportion will be deducted from local retention of foreign exchange income for

importing commodities originally imported by state finance. People in some localities are worried that their economic vitality will be greatly reduced. This worry is normal. But a more detailed analysis indicates that this worry is unnecessary, because the delegating of financial power to the lower levels and the elimination of egalitarianism have brought about a major change in the financial structure of China.

Viewed from the perspective of the country's financial strength, local revenues now account for half of state revenues and the state's extrabudgetary funds have increased by a large margin. Over the last 9 years, from 1979 to 1987, state revenues have increased by a little over 100 %, and the extrabudgetary funds possessed by regions, departments, and state enterprises have increased by 450 %; the ratio between the two has changed from 100:31 to 100:90.

A similar situation can also be seen in foreign exchange income. Regions, departments, and enterprises were allowed a small percentage of foreign exchange retention before 1978, whereas in 1987 their foreign exchange retention accounts for 40 % of the country's total foreign exchange income. It has been predicted that the retention rate will top 50 % in 1988, exceeding the foreign exchange income possessed by the state.

Naturally, foreign exchange income of various localities will not be left unused. Localities are using their foreign exchange income to fulfill the tasks which cannot be completed solely by the support of state finance, such as necessary capital construction projects and the renewal and transformation of equipment. It is true that there will be a number of difficulties in tightening control over expenditure which has been budgeted and in diverting some of this expenditure for other purposes according to state requirements. But after all, the situation is different from that during an economic slump or a financial depression. As localities are now rich in financial resources, they can manage to take some money from their revenues to help solve the urgent needs of the national economy.

Over the last few years, many localities have been anxious to engage in processing industries, building halls and so on, and performing all types of "good deeds." But the results have run counter to what they expected. Apart from being divorced from actual conditions, this has been due to being unable to centralize funds, to ensure the construction of key projects, including communications and the production of energy and raw materials, and to maintain a balance between supply and demand. As a result, some factories dealing in processing industries have been suspended and "good deeds" have become a burden.

Some aspects in the present situation are worrying people: Extrabudgetary funds used for ordinary construction projects continue to increase, whereas investment in the capital construction of state key projects

(including energy and communications projects) continues to decrease. This is harmful to the country's construction.

This is the present situation. We face two alternatives in the future:

One is that the decentralization of financial resources will worsen, key construction projects will be further reduced, and ordinary construction projects will increase. This will give rise to a situation in which the construction of projects involving processing industries and the construction of nonproductive projects will be speeded up, whereas the construction of projects involving the generation of electricity; the production of coal, petroleum, industrial chemicals, steel, and nonferrous metals; and the development of transportation will fall behind. Thus, production in a large number of factories will be suspended and it will be difficult to put hotels and restaurants into normal operation. The contradictions between energy production, transportation, and the supply of raw materials will worsen. Economic growth will lack sustaining force. Revenue and extrabudgetary funds will face a difficult situation.

The other is the allocation of some of the decentralized financial resources to ensure the construction of key projects. In this way, the construction of nonproductive projects such as halls and so on and the construction of factories dealing with processing industries will be halted or suspended; and the construction of key projects, including energy production, transportation, and the supply of raw materials will be speeded up. In this case, the development of the national economy will have a solid and stable foundation, the industrial structure will be improved, more financial resources will be exploited, and localities will be able to run all types of economic undertakings.

Obviously, tightening control and enlivening the domestic economy complement each other. Interpreting it as "compressing the air" or as merely carrying out an economic adjustment is not sufficiently appropriate. As a matter of fact, it is in itself a major reform concerning the planning system, the financial system, and the investment system. This is not following the old track of unified state control over revenue and expenditure or encouraging the practice of everybody eating from the same big pot of the state; localities still have a certain autonomy to work out their own plans and make arrangements for their own revenues and expenditures.

The results of our practice will be as follows: Control over spending which does not call for immediate attention will be tightened and control over spending which calls for immediate attention will be relaxed; control over ordinary construction projects will be tightened and control over key construction projects will be relaxed; control over small matters of a local and short-term nature will be tightened and control over major matters of an overall and long-term nature will be relaxed. In

conclusion, tightening control is a means and relaxing control is the purpose. Tightening control is for the purpose of relaxing it. The financial policy of deflation formulated by the central authorities is for the purpose of enlivening the domestic economy and tallies with the need for stable development. It is not something passive or negative, but is beneficial to both central and local authorities. It is therefore conducive to the further implementation of the policy concerning the four modernizations.

Commentary on Grain Production, Consumption
OW212313 Beijing XINHUA Domestic Service
in Chinese 0244 GMT 21 Dec 87

[By XINHUA reporters Zhao Huazhou and Shi Baohua]

[Text] Beijing, 21 Dec (XINHUA)—Commentary: "To Address the Grain Problem, Attention Must Be Paid to Both Production and Consumption"

To tackle the issue of grain, it is necessary to increase grain production while saving economy. This is an important principle recently put forward by the State Council in its circular.

Although grain output in China has increased over the past 2 years, it has failed to exceed the highest grain output in 1984. There is a shortage of grain on the market, and the grain supply falls short of demand. To solve this problem, we must naturally develop production. We must expand grain production on a fairly large scale by deepening our reforms, increasing investments and the area of farmland sown to grain crops, promoting advanced farming technology and whipping up the peasants' enthusiasm in growing grain crops. In the next decade or so, we must strive to achieve successively the two goals—the goal of increasing China's grain production to 450 billion kilograms and that of expanding grain production in the country to 500 billion kilograms.

However, to increase grain production alone will not do. We must also pay attention to grain consumption. The rate of growth in China's grain consumption has been abnormally high since 1984 with an average rate of increase of 15 billion kilograms a year, doubling that before 1984. According to an estimate made by some experts, the amount of grain consumption may possibly exceed 600 billion kilograms by the end of this century if China's grain consumption continues to grow in such a manner. At that time, we still cannot alleviate the situation of grain supply falling short of demand, even if we achieve our aforementioned goals in grain production. From this we can understand why the State Council attaches importance to both increasing grain production and saving grain.

Some people believe that the amount of grain consumption varies little, and the control of grain consumption will yield little results. This view is unrealistic. The situation in the previous 2 years shows that the abnormal

growth of grain consumption is, on the one hand, caused by some regular factors such as population growth and so on. On the other hand, it is also affected by irregular factors such as waste and unreasonable food mix. Among the irregular factors, there is great potential for reducing grain consumption.

People realize that right now, waste of grain has become a very common and serious social phenomenon. In the mess halls of various government organizations, enterprises, and schools and restaurants in either cities or towns, delicious looking white rice, steamed bread, and boiled dumplings are thrown into garbage cans. The amount of grain wasted every year in China is shocking. We must not take it lightly.

To readjust the unreasonable food mix is also something that we must not ignore in controlling grain consumption. China has a population of one billion. Right now, the per capita share of grain is less than 400 kilograms. In the next few years, with China's population growing and its arable land decreasing in size, we do not foresee any possibility of increasing the per capita share of grain on a fairly large scale. The level of grain production inherently restricts grain consumption. The food structure of the Chinese people should be compatible with the country's per capita share of 400 kilograms of grain. We must not make arrangements on the basis of the per capita share of 1,000 kilograms of grain in various developed countries. That means we must improve the food mix with a scientific approach while providing the people with enough food to eat. Let us take the example of beer, which uses grain as a raw material. This year China will produce approximately 5 million tons of beer. It is estimated that one kilogram of beer uses 0.2 kilogram of grain as raw material. The production of 5 million tons of beer calls for 1 million tons of grain. Beer is not popular in rural areas yet. If it becomes popular in the countryside, the consumption of grain crops will increase several times. Let us take pork as an example. We need 4 kilograms of grain to feed a hog in order to produce 1 kilogram of pork. If each person in the country eats an extra kilogram of pork a year, this extra pork consumption will result in the extra consumption of 4 million tons of grain per year. We will be able to save grain, and at the same time make our food nutritious for our good health, if we can raise more animals with a high protein content such as chickens, sheep, and rabbits, as well as fish that consume less grain or thrive on grass, while we gradually improve our food mix of grain and hogs and appropriately increase pork production.

In short, saving grain will bring about substantial results. The key is that we must raise our awareness, and adopt appropriate educational and economic measures to curb waste and give guidance for grain consumption.

Article Explains Pork Rationing Policy

HK211500 Beijing JINGJI RIBAO in Chinese
4 Dec 87 p 1

[Article by reporters Wang Yang (3076 3152) and Yin Ke 11438 0344]: "Why Does Pork Have To Be Rationed?"

[Text] Recently, most large cities in this country have resumed the pork rationing system under which pork is supplied on presentation of pork purchase certificates or coupons. This development has naturally become a hot topic of conversation. People are wondering why the system has been resumed: "The reform has been going on for many years, and we have always been told that the situation is excellent. Then why does pork have to be rationed again? What is really going on?"

To find the answer to this question, these reporters called on the department concerned.

Pig production has been unsatisfactory in the past few years. The quantity of pig procurement was not high enough during the last pig procurement season. Statistics show that the number of pigs procured by all the state-run commercial units throughout the country in the first half of this year dropped by 4.9 % as compared with the same period of last year. The country's October pork stock was 6.71 % lower than the record in the same month of last year, while the number of pigs herded dropped by 6 %.

What are the reasons for this decline? First, the decrease in grain output has affected pig production. As a rule, "pig production increases as long as grain output rises." Statistics have shown that pig production has always fluctuated along with grain output. China reaped bumper harvests in 7 successive years after 1978. During the same period, pig production kept on increasing, resulting in the record high of 331.4 million pigs herded in 1985. Since then, grain output in our country has been decreasing due to natural disasters, change in the agricultural structure, and other factors. As the grain ration and the supply of seeds must be guaranteed, it is of course impossible to transform a great amount of grain into pork.

Second, as the relationship between the pig procurement and selling prices has not been rationalized and the policy encouraging pig production has not always been upheld, the pork market has been unstable. Since the pork marketing price cannot be raised at the present stage, the pig procurement price cannot be raised substantially either. However, the grain price keeps on soaring on the farm produce market. In consequence, pig raising is simply unprofitable. According to data on grain and pork prices in four provinces and one city provided by the department concerned, during last May, the negotiated price of grain used as mixed feed was 0.498 yuan per kg, an increase of 28.7 % over the same period of last year; meanwhile, the pig procurement price was 1.83 yuan per kg, an increase of just 11 % over the same period of last year. As pig raising is unprofitable, the peasants certainly will not go into the business.

Third, the ever growing pork consumption has exceeded the supply of pork. In China, pork consumption accounts for over 85 % of the meat consumption. Statistics show

that pork consumption has been growing at annual rate of 5 to 7 % in this country in the past few years. Apparently this is not in keeping with the declining pig production.

As demand has exceeded supply, it is of course necessary to reduce and control consumption. There are only two ways to solve the problem. The first method is to raise the marketing price of pork. However, due to the current instability of commodity prices throughout the country, raising the pork price will inevitably stir up a series of chain reactions and this is an outcome which is intolerable under the current economic circumstances and unacceptable to the vast number of consumers. Thus, the only alternative is to enforce the ration system.

What is more, the mayors of all the large and medium cities throughout the country are facing a predicament: Supplies of pork keep on flowing out of the cities, illegal resale of pork has become a serious problem, and the price soars in country fairs while pork is out of stock in state-run markets. Tianjin's vice mayor told these reporters about the situation in his municipality. Since the fourth quarter of last year, the Tianjin municipal government has made every effort to secure stocks of pork to ensure supply. However, as the pork price was higher in other parts of the country, pork kept flowing out of Tianjin. Some dishonest merchants bought pork in large quantities from Tianjin and resold it at higher prices elsewhere. As a result, although the pork supply to the market in Tianjin increased every month from June to August and the growth for the whole period rose to 24 % over the same period of last year, pork consumers still had to stand in long queues to buy pork. Although pork was put on the market at a price lower than the production cost to the peasants and at the expense of state subsidies, urban residents have never benefited from it. Under these circumstances, the pork rationing system is imperative.

In brief, the ration system is a relatively reasonable measure that the government has taken to stabilize the market and to meet the masses' basic needs while pork is in short supply.

In all fairness, there are some differences between the current pork rationing system and that practiced before the reform.

These reporters have learned from departments concerned under the Beijing Municipal Government that during this month, the first month since the restoration of the pork rationing system, state-run commercial enterprises are going to put a total of 17,000 tons of pork onto the market, an increase of 20 % over the 14,000 tons recorded in the same period last year. Meanwhile, the catering industry, foodstuff factories, and meat product factories are well supplied with pork as usual, and the amount of cooked pork supplied to the market has increased from 50,000 kg a day to 75,000 kg a day. So, at present every Beijing resident can actually consume 2.6

kg of pork a month, assuming the municipality's population is 6.5 million. During the period from April 1977 through January 1980 when the pork rationing system was enforced, everybody was supplied with 1 kg of pork a month. But that 1 kg of pork included cooked pork and offal. That is to say, the amount of pork consumed by Beijing residents at that time was much less than they obtain today. The above is a quantitative analysis. If we take the variety of rationed meat products into consideration, we find that only pork and several kinds of foodstuffs are covered by the current ration system practiced in most cities, while the marketing of fish, poultry, beef, mutton, bean products, and other foodstuffs is not subject to restriction. By the way, all these major items of foodstuffs were also rationed in the past.

What is more, in order to enrich the menu for urban residents since the restoration of the ration system, Beijing municipal authorities have made every effort to increase supply of other foodstuffs, apart from putting a greater amount of cooked meat onto the market. These reporters have learned from the department concerned that Beijing has now secured a stock of 1.5 million jin of fish and 500,000 chickens, and the supply of bean products has also been increased by 10 %.

In any case, the ration system is not a desirable thing. While it is accepted as an alternative, the question people are most interested in asking is when the open-ended supply of pork will be resumed.

Perhaps the pork production and marketing trend is one of the trends that are most difficult to forecast in China. There was too much pork to be procured, stored up, or disposed of a few years ago. But in the past 2 years, there have been shortages of pork everywhere. Since pork is a staple commodity which is produced on a small scale and on a long cycle, the production and marketing of pork which are highly sensitive to changes in policy may fluctuate considerably. Therefore, it is very hard to set the date for termination of the pork rationing system.

However, these reporters learned some gratifying facts during their interview:

If one considers the situation in this country as a whole, one finds that due to policy readjustment and positive measures taken to encourage pig production, the output has risen and the numbers of both sows and piglets have gradually risen again. According to a survey conducted by the department concerned in five main pig-producing areas including Sichuan and Shandong, although so far the pig production has not yet been restored to the level in the same period of last year, pig production is rising again in most places. Take Sichuan province for example. The number of pigs herded has increased by 2.6 % over the same period of last year, with the number of boars and sows herded increasing by 6.9 %, the number of piglets by 9.8 %, and the number of hogs by 1.3 %.

These reporters have also found that those cities implementing the pork rationing system have almost simultaneously taken positive measures to promote pig production and to strengthen marketing of hogs.

Beijing Municipality recently promulgated a set of policies to lift restrictions on pig production, to readjust the pig procurement price, to modify the method on supply of feed for pigs, and to encourage state-, collective-, and individual-run farms to join specialized and large-scale production of pigs in terms of investment funds, feed supply, and marketing procedures.

Liaoning Province will introduce a reform of the pig marketing system in the coming year, giving up the administrative method of pig distribution, implementing a contract system for procurement and marketing, and practicing an intensive and scientific pig raising system, so that the province's annual hog output will increase to 8 million in 3 to 5 years....

The department concerned has made a cautious forecast of the pig production trend which shows that an improvement in the supply of pork in all the large cities in the country can be expected to be achieved by the end of next year.

Economic experts say: The pork rationing system is merely a provisional measure. A benign cycle of pig production is bound to be initiated in China so long as the pricing system is straightened up step by step and other stable supporting policies are implemented.

Increasing Urban Population Causes Problems

HK181422 Hong Kong ZHONGGUO TONGXUN SHE
in Chinese 0906 GMT 13 Dec 87

[Article by Yi Lan (0122 5663): "The Rapid Growth of the Urban Population Is Both Gratifying and Worrying—Third Discussion on China's Population Problem"]

[Text] Hong Kong, 13 Dec (ZHONGGUO TONGXUN SHE)—When publicizing the latest population data recently, the Chinese State Statistical Bureau mentioned the change in the percentage of the urban population: In 1980, the urban population accounted for 20.6 % of the mainland's total population; in 1986, the proportion of the urban population increased to 37.1 %. In these 6 years, the urban population increased from about 210 million to nearly 400 million.

In a period of 6 years, the urban population that consumes commodity grain increased by some 180 million people. This phenomenon is both gratifying and worrying. If we can properly handle this situation, the advantages may outweigh the disadvantages. But if the urban population continues to increase at the same speed as in these 6 years, a great deal of social problems will result.

The ratio of the urban population to the rural population is a general yardstick to measure a country's degree of development. In general, the urban population in a developed country comprises the majority, and a small number of the rural population can feed most or all of the urban population and can even export farm products. On the contrary, the urban population in a developing country accounts for only a small percentage of the population.

In this sense, the gradual shift of the rural population into the urban areas should be regarded as a good omen. It indicates that in China, the urban population does not need to be supported by as large a rural population as before, and the surplus rural labor can now be shifted to other economic sectors. In the long run, the shift of the agricultural population to nonagricultural fields will be favorable to China's economic development, and this will help reduce the pressure caused by the population problem. However, we are now facing such questions as: First, was the labor force that moved into cities in recent years all surplus labor in the countryside? Second, can the present agricultural population on the mainland supply sufficient farm products for the urban population, whose needs are continuously increasing? Third, do the new urban residents have sufficient means of earning a living? And fourth, is the government's yearly investment in urban capital construction keeping pace with the increase in the urban population?

The answers to these questions are easy to find. In recent years, the prices of nonstaple foods in cities have continued to increase, and some cities have even been forced to ration meat. China now has to import more than 10 million tons of grain every year. In fact, the 180 million new urban residents in these past 6 years have caused pressure on the supply of grain, meat, vegetables, fuel, housing, transport, water, and electricity in many cities, and have also caused many problems in garbage collection, environmental protection, and public order. This shows that the urban population in China has been increasing too rapidly, although the increase in the urban population is a general tendency when the national economy is developing.

It is undoubtedly necessary for a developing country to increase the proportion of its urban population, but if the increase is too rapid, it may also cause many social problems. In this regard, some developing countries, such as Mexico, have provided negative experience for us.

Since China began to carry out the reform and opening-up policy, millions of peasants, especially the younger generation in the countryside, have tried to make fortunes in cities or move into cities. This is a positive phenomenon. It is necessary to use policies and economic means to guide this tendency so as to ensure the reasonable expansion of the cities and towns.

Circular on Implementation of Archives Law
OW212331 Beijing XINHUA Domestic Service
in Chinese 1223 GMT 19 Dec 87

[Text] Beijing, 19 Dec (XINHUA)—The State Bureau of Archives and the Legislation Bureau of the State Council on 17 December jointly issued a circular on implementation of "The Archives Law of the People's Republic of China."

The circular calls on all localities, departments, and citizens to seriously study "The Archives Law" article by article, comprehensively and accurately understand its character, salient features, purposes, and significance, and thoroughly publicize it. The circular urges the archive departments at all levels to study how to truly include the archives work in the economic and social development plan in accordance with "The Archives Law."

The circular pointed out: The archive departments at all levels should further improve themselves. While improving basic work, state archives of various categories at all

levels should do even better work in utilizing the archives, accelerate their opening to the public, take effective measures to gradually open to the public those archives that should be accessible to the people, simplify procedures, and constantly improve services to the public.

The circular says: In order to implement "The Archives Law" in a down-to-earth way, the archive departments in all localities and organizations should conduct an inspection of themselves in accordance with "The Archives Law." During the inspection, the main items to be checked are organization, staffing, operating expenses, and the safekeeping, utilization, opening, and publishing of archives. The State Bureau of Archives and the Legislation Bureau of the State Council will conduct a general inspection on the nationwide implementation of "The Archives Law" and on the results of self-inspections of local archives in order to solve problems and promote the archives work.

East Region

Zhejiang's Xue Speaks at Armed Forces Meeting *OW211125 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 20 Dec 87*

[Text] A provincial conference on armed forces work under the party's administration was held in Hangzhou today. The meeting called for expediting and deepening the reform of militia reserves in accordance with the guidelines of the 13th Party Congress, thus further enhancing the party's leadership over the armed forces in order to push Zhejiang's People's Armed Forces work to a new stage.

Adapting themselves to the strategic change in the guiding principles of our national defense and paying attention to economic development, our province's party, government, and military departments at all levels have done a good job this year in improving People's Armed Forces work in the course of reform.

Xue Ju, secretary of the provincial party committee, governor of the provincial people's government, and chairman of the provincial Armament Committee, addressed the meeting. He called on party committees and governments at all levels to seriously sum up this year's experience so as to further improve People's Armed Forces work next year. It is imperative to launch education on national defense in order to enhance the concept of national defense, which is very important to boost the national spirit and enhance the strength of our national defense. It is essential to earnestly study the documents of the 13th Party Congress, to teach fighter cadres and militiamen the theory of the initial stage of socialism, and to promote the spirit of self-reliance and of tackling any undertaking with arduous efforts, in order to push forward economic development and People's Armed Forces work in a spirit of reform. It is necessary to constantly look for new channels to improve People's Armed Forces work by carrying out the guidelines of the relevant documents of the Central Party Committee and the State Council.

The meeting was presided over by Shen Zulun, deputy secretary of the provincial party committee and vice governor. Provincial Military District Commander Li Qing delivered a report on adapting to the new situation, deepening reform, and further enhancing armed forces work under party administration in the new era. The meeting was attended by leading party, government, and military comrades and party and government officials from various localities.

Southwest Region

Sichuan Discipline Groups Study Party Style *HK181250 Beijing RENMIN RIBAO in Chinese 13 Dec 87 p 4*

[Report by Liu Yaohui (0491 5069 6540) and Song Quanan (1345 0356 1344): "Sichuan Provincial Discipline Inspection Committee Studies Documents of 13th National CPC Congress in Conjunction With Realities"]

[Text] From 24 to 26 November, the organs of the Discipline Inspection Committee of the Sichuan Provincial CPC Committee held a meeting of cadres above the department level to study and discuss documents of the 13th National CPC Congress and the question of improving party style in the new period with the spirit of reform. Yang Rudai, secretary of the provincial party committee, joined the study with other comrades. All the participating comrades spoke their minds freely, each airing his own views and putting forward many new ideas.

At present, there are two problems that are most often talked about in our society: First, the price problem, and second, the problem of party style. Is our party style being improved or becoming even worse in the course of reform and opening up?

This August and September, the provincial Discipline Inspection Committee and the Discipline Inspection Committees of Chengdu, Chongqing, Panzhihua, Leshan, Suining, Nanchong, and Yaan as well as the discipline inspection committees of the provincial-level organs carried out a joint investigation on the situation of party style in 16 counties (districts); 12 large and medium-size enterprises; 8 party and government leading organs at the provincial, city, and prefectural levels; 7 cultural, press, and scientific research units; and 3 universities and colleges. At the meeting, a comrade made a report on the results of the investigation. Judging from the returned questionnaires, 10.4 % of the people are "satisfied" with the party style at present, 46.2 % are "relatively satisfied," 30.6 % are "not so satisfied," and 11.92 % are "not satisfied"; and 68.86 % of the people "have confidence" in overcoming the unhealthy tendencies within the party, 19.48 % have adopted a "wait-and-see" attitude, and 6.43 % "have no confidence." [all numbers as published]

The results of the investigation show that although there are still some problems in party style, it is groundless to say that our party style is becoming worse and worse. If we fail to see the main stream of our party style, we will possibly reverse the order of importance. Over the past few years, a small number of grafters, embezzlers, degenerate elements, and violators of discipline and law have emerged within our party. However, once they are discovered, they are dealt with immediately and resolutely. From 1984 to 1986, some 17,330 party members in this province who had violated discipline were punished. Among them there were 371 county-level cadres and 22 prefectural-level cadres. The party has never slackened its efforts in fighting against unhealthy tendencies as well as violations of law and breaches of discipline. If not so, how can we have such a good environment for reform?

Of course, we must also see that there are still some problems in the relations between the party and the masses and between the cadres and the masses. Many unhealthy tendencies, such as the "relationship networks," the "tendency of interceding for others," taking

advantage of power to seek private benefits, bureaucratism, and scrambling for power, fame, and interests, still seriously exist. The mentality of looking for money everywhere is corrupting the minds of a small number of party members and cadres. We should never turn a blind eye to all this and lower our guard against them.

The participating comrades maintain that the root of the unhealthy party style is the impurity in party spirit. A small number of party members are unable to stand the tests of the new situation and are unable to overcome their "selfish desires" and the "desire for power." In the party, discipline is not earnestly enforced. In addition, there are also bad ideological influences in society (such as the remnants of the feudal ideas and the corrosive influence of the capitalist ideas), defects in our structures (such as overstaffed organizations, unclear division of work in carrying out duties, and serious bureaucratism), loopholes in our systems and imperfections in our reform (resulting in in harmony in work), some mistakes in our work (such as the dislocations in our economic work in 1984 and the increase in the number of economic crimes), and some loopholes in our policy as well as imperfections in our democratic and legal systems.

In the new situation of reform, opening up, and enlivening the economy, the work of rectifying party style cannot be completed overnight. The defects cannot be entirely overcome with short-term efforts. How do we further do a good job in party building under the new situation? Many comrades said: Rectifying party style and doing a good job in party building is aimed at ensuring the implementation of the party's basic line for the initial stage of socialism and promoting the development of the productive forces. We must closely follow the line, policies, and principles put forth by the 13th National Party Congress and promote our party building with the spirit of reform, so that we can take a new and scientific road in reform and construction. We must not stick to the old views and old methods.

Some comrades said: Some of the unhealthy tendencies can be rectified through reform and perfecting systems, some can be corrected through education, but some must be solved by taking severe disciplinary actions. All these methods must be taken into account. We should not let the reform and opening up stop because of the emergence of some unhealthy tendencies. The unhealthy tendencies that emerged in the course of reform and opening up can only be resolved in the course of reform and opening up.

Why aren't some unhealthy tendencies within our party effectively checked? Many comrades pointed out that this has much to do with the fact that we have not enforced discipline severely. Some units and departments dare not check or do not severely punish the unhealthy tendencies of taking advantage of power to seek private gain and violating laws and discipline. They cannot overcome their personal feelings or break with their relationship networks when dealing with such

unhealthy tendencies. Therefore, it is necessary to administer the party strictly and enforce party discipline in accordance with the demands of the 13th National CPC Congress. The meeting also discussed questions concerning reform of the discipline inspection organs so that they can suit the needs of party building in the new period.

Paper Publishes Letter on Genocide in Xizang
HK190234 Beijing CHINA DAILY
in English 18 Dec 87 p 4

[Text] CHINA DAILY editor's note: With the consent of CHINA RECONSTRUCTS, we are publishing excerpts of its editor's reply to an American reader's letter on the Tibet issue, and the letter itself in part. The reply and the letter will also be published in a forthcoming issue of the magazine. [end editor's note]

Dear Mr. Stevens:

We are continuing to send you the magazine, and hope that you will at least read this issue before deciding whether you really wish to cancel—because the editorials and comments from U.S. newspapers which you sent as your grounds for cancellation were not factual but misinformed and, in their effect on the reader, misleading.

Take one allegation, in the CHRISTIAN SCIENCE MONITOR of October 8: "Tibet since 1950 has been a part of China. Peking's claim to Tibet was formally recognized in the late 1970s by the Carter administration."

The fact is, Tibet has been a part of the China state, which has long been multi-national, since the year 1270 (before which, also, there were close ties). In the intervening centuries, Tibet has never been "recognized" as anything else by any foreign government. With respect to the U.S., let us cite statements on this matter, not from the Carter administration in 1970, but from Theodore Roosevelt's in 1903 and Franklin D. Roosevelt's in 1943. In 1903, Secretary of State John Hay instructed Joseph P. Choate, U.S. ambassador to Great Britain—where some efforts were afoot to detach Tibet from China—to remind the London Foreign Office that it had itself "three times (in 1879, 1885 and 1890) recognized Chinese sovereignty by negotiating with the Chinese Government on questions regarding Tibet."

Forty years later, in 1943, amid new British attempts to water down the status of Tibet as part of China, the British ambassador in Washington was told by the U.S. State Department that "the Chinese Constitution lists Tibet among the areas constituting the territory of China. This government has at no time raised a question regarding either of these claims." (These statements are on public record in the Department of State Archives, Hay to Choate, June 3, 1904, and Foreign Relations of the United States, 1943, p. 603.)

The British Government itself in 1903, when Lord Curzon, its viceroy of India, tried to engineer a separatist Tibet, rebuked him with the statement that Tibet was "a province of China." Closer to our own time, Prime Minister Nehru of India stated before the Indian Parliament in 1954, "I am not aware that at any time in the last few hundred years Chinese sovereignty, or if you like suzerainty, was challenged by any outside country."

Now let us take up the more emotion-laden allegations about events since the 1950s—which have obviously bothered you, Mr Stevens, and undoubtedly other readers. One of your enclosed clippings, from the NEW YORK TIMES of October 8, states baldly that in Tibet in the 1960s, "More than a million people died in work camps." An item from THE NEW YORK POST claims that "the Chinese have slaughtered more than a million Tibetans." One can only wish the editors had done a little rudimentary research. In the 1950s, the Tibetan population in Tibet numbered 1.2 million. If there was truth in those papers figures, they would now be virtually extinct.

There has been no genocide in Tibet. Rather, the central government has reduced [previous word in italics] the mortality rate and improved living standards in Tibet through economic, medical and other forms of aid. Two executions were mentioned in the papers, with the implication that these were political. The cases actually involved Tibetans who had murdered other Tibetans, and had nothing to do with ethnic frictions.

Where, then, do these charges of genocide originate? We note that one of your photocopied clippings bears the rubber-stamped imprint "The Office of Tibet" in New York. This is a secessionist publicity outfit associated with the Dalai Lama. Not unlikely, it was the source of many of the so-called facts printed in the newspapers as well. To circulate unfounded charges, get them printed in a reputable paper, and then recirculate [previous word in italics] them on that "authority," is an old PR [public relations] technique.

Another charge being pushed by the Dalai camp involves "resettlement." The Tibetans, we are asked to believe, are being swamped in "historical Tibet" by 7.5 million Hans, with more coming. Here there are two distortions. The "resettlement" policy is non-existent. The latest census shows that 94.4 percent of Tibet's population is of Tibetan nationality—with the rest being Hans, Huis, Membas, Luobas and Naxis. The area claimed under "historical Tibet" includes Qinghai and parts of other provinces—which were never under the jurisdiction of the Dalais in Lhasa. For centuries these places have been multiethnic, with Hans, Mongols, Huis and others living alongside Tibetans.

That misunderstandings and conflicts among ethnic groups occur, in China as in so many other multinational countries, is of course true. As elsewhere, there is a past history of prejudices and slights—on one side,

the other, or both—to be overcome. All of China is in the midst of unprecedented social change, and some of the old exploiting forces (for example Tibet's ex-serf owners) find it convenient to hoist nationalist banners. But no one can deny that in the People's Republic the principle of national equality has had a far greater reality than in any previous Chinese regime. Some old mental attitudes may still exist, but the effort to overcome them is constant.

As for post-Liberation errors such as the "Cultural Revolution," the entire people of China suffered from their distortions, as did some nationalities and regions.

Some 30 years ago, the Tibetans were liberated from a degrading and inhuman serfdom. They are still poor, even by Chinese standards, but their economic and other advancements today are faster than ever before. Those calls for "Tibetan independence"—are they in the interests of the Tibetan people, or of a small group of ex-serf owners, now in exile, who cling to dreams of restoring lost wealth and power?—The Editors

Editors, CHINA RECONSTRUCTS:

It is with great regret that we cancel our subscription to your magazine, which we have enjoyed for some 5 years. During these years we have learned much about China from you. While not always agreeing with the politics...your magazine opened our eyes to the miracles of recovery and growth your country has accomplished. Additionally we have been delighted with the charming character of the Chinese.

We cancel our subscription for the reasons described in the enclosed editorials from American newspapers. We sincerely hope that your government will see fit to do something about the repression in Tibet. As an American, I know the damage that prejudice can do to minorities. The eyes of the world are on Tibet, and the executions and killings in Tibet must be stopped. We condemn China's genocide and Chinese population transfer in Tibet that is extinguishing the Tibetan people.

Calif., U.S.A. S.L. Stevens Santa Barbara

Charges of Genocide Refuted

OW181529 Beijing XINHUA in English
1443 GMT 18 Dec 87

[Text] Beijing, December 18 (XINHUA)—The forthcoming issue of the English magazine "CHINA RECONSTRUCTS" refutes charges of the alleged "genocide" in Tibet in replying a letter from an American reader.

In the letter, S.L. Stevens, in Santa Barbara of California, said that they had cancelled their subscription to the magazine for the reason described in the enclosed editorials of some American newspapers.

"The killings and executions in Tibet must be stopped," they said.

Replying the letter, the editor of the "CHINA RECONSTRUCTS" advises them at least to read the issue before deciding whether to cancel or not.

One October 8 "NEW YORK TIMES" article enclosed in the letter states that more than a million people died in work camps in Tibet in the 1960s.

Commenting on statements of this kind, the editor called attention to the fact that in the 1950s, the Tibetan population in Tibet numbered 1.2 million. "If there was truth in those papers' figures, they (Tibetans) would now be virtually extinct."

"Where, then, do these charges of genocide originate? We note that one of your photocopied clippings bears the rubber-stamped imprint 'the office of Tibet' in New York. This is a secessionist publicity outfit associated with the Dalai Lama."

"To circulate unfounded charges, get them printed in a reputable paper, and then circulate them on that 'authority', is an old PR [public relations] technique," the editor continues.

There has been no genocide in Tibet, the editor says. Rather, the central government has reduced the mortality rate and improved living standards in Tibet through economic, medical and other forms of aid.

The editor also calls attention to the fact that 94.4 % of Tibet's population is of Tibetan nationality — with the rest being Hans, Huis, Membas, Luobas and Naxis.

In doing so, it means to refute another charge being pushed by the Dalai camp involving "resettlement" of the Hans.

"The 'resettlement' policy is nonexistent," the editor says, noting that for centuries, Tibet has been multi-ethnic, with Hans, Mongols, Huis and others living alongside Tibetans.

North Region

Dialogue Between Nei Mongol's Wang, Scholars
*SK191052 Hohhot Nei Mongol Regional Service
in Mandarin 1100 GMT 17 Dec 87*

[Text] To develop political democracy, the autonomous regional party committee held a cordial and sincere dialogue with more than 30 specialists and scholars from the circles of theory, science and technology, and education on the morning of 15 and 16 December, at which they mutually discussed the issue of how to implement

the spirit of the 13th CPC Congress by bearing in mind the region's actual situation and how to accelerate the pace of conducting reforms and opening up to the outside world.

Attending the dialogue were leading comrades from the autonomous regional party committee, including Wang Qun, Qian Fenyong, Batubagen, Zhou Rongchang, Xu Lingren, Wen Jing, and Liu Yunshan.

During the dialogue, Comrade Wang Qun first explained the content and importance of the dialogue and stated: During the 9-year period since the 3d Plenary Session of the 11th CPC Central Committee, our region has made rapid progress. However, compared with the provinces and regions throughout the country in making progress and building the four modernizations, our step in making progress is relatively small and the gap in economic development between this region and others is larger. We, hereby, invite all of you to concentrate your wisdom to bring into play the collective force and role and to mutually study and discuss how to implement the spirit of the 13th CPC Congress to further push forward the region's program of building the two civilizations.

During the dialogue, Comrade Wang Qun stated: The CPC Central Committee shows great concern for the region's development, attaches great importance, and lays a great hope on it.

Comrade Xiaoping pointed out in a recent important speech: Nei Monggol Autonomous Region is endowed with vast grassland and its population is small. Henceforth, it will be very possible for the region to take a lead in development. However, the region itself should first achieve development. This represents an ardent hope laid by the CPC Central Committee and the encouragement or urging also given by it. Therefore, by no means should we fail to live up to the hope of the CPC Central Committee and the 20 million people of various nationalities throughout the region.

During the dialogue, the specialists and scholars vied to speak amid a frank atmosphere. After fully acknowledging the gratifying achievements scored by various fronts throughout the region in conducting reforms over the past 9 years, they stated: We have lagged far behind the demand of the 13th CPC Congress, though we have scored a large number of achievements. The first important task we face is to accelerate the pace of conducting reforms and deepen the drive to conduct reforms.

During the dialogue some specialists stated: The region's current measures for conducting reforms and opening to the outside world have not been concrete and effective. Some departments talk much and do less though they have formulated their measures. They have not implemented their measures sufficiently. To accelerate the pace of conducting reform and deepening the drive to conduct reforms, it is imperative to enhance the sense of

conducting reforms, to renew ideas, to further emancipate mind, and to make a breakthrough in the close-up phenomenon. In particular, organs in charge of making policy decisions and leadership at all levels should all the more enhance their sense of the commodity economy.

Some scholars stated: The issue of conducting reform is a matter of policy. We should relax our control on the policies and enforce them sufficiently. Efforts should be made to bring into maximum play the power of policies; to vigorously introduce funds, technologies, and talented personnel; and to open to the outside world in all directions.

After hearing these words, Comrade Wang Qun happily stated: These opinions are very fine. In enforcing policies, we may stand on the limited line of policies, but should not surpass the line. By proceeding from the actual situation in regional national autonomy, we may make appropriate adaptations in some policies.

During the enthusiastic dialogue, some specialists and scholars put forward many precious suggestions and opinions in line with the region's guideline on economic construction and the fighting target set forth by the regional party committee for the recent period. They stated: Our region is endowed with abundant natural resources and is very strong in vigorously developing industrial production. If we fail to attach importance to industrial development and to make all-out efforts to grasp industrial production, we will never do a good job in winning the battle of becoming wealthy. Efforts should be made to develop the undertakings of forestry, animal husbandry, and agriculture by adopting feasible measures and to enhance grain production.

In voicing their opinions during the dialogue, some specialists and scholars have stated: Enhancing the training of talented personnel and upgrading the quality of science and culture among all nationalities are the big events of vital importance and an important guarantee for accelerating economic development. They urged the region to fully attach importance to scientific and technological progress and to educational undertakings, to truly put work in this regard on its important schedule, and to pay sufficient attention to the work.

After hearing these opinions, Comrade Wang Qun immediately expressed that we must resolutely enhance work in this regard.

During the dialogue, some specialists and scholars stated: The region's fighting target set for the recent period is fine. However, efforts should be made to analyze it quantitatively and in an earnest and scientific way to completely fulfill the target.

During the dialogue, some specialists and scholars also put forward that a large number of administrative organs, units, and institutions are still overstaffed and have more hands than needed at present. Work that can

be done by 3 persons is being done by 5 persons and 10 persons share salaries that are suitable to 5 persons. Such an unusual phenomenon must be changed as soon as possible. Without conducting reforms in political systems, it is very difficult for us to deepen the drive to conduct reforms in economic systems. They also put forward many pertinent opinions on developing the commodity economy, conducting reforms in financial affairs, formulating enterprise policies, and enhancing the building of Marxist and Leninist theories.

After hearing these opinions, Comrade Wang Qun stated: The dialogue is very successful and contributes to enriching the ideology of our leading personnel. I am very happy about the assistance of comrades during the dialogue and express heartfelt thanks. As for the large number of suggestions and opinions put forward by the comrades, the regional party committee will earnestly sort them into various categories and earnestly implement them in its work. I urge all participating comrades to carry out supervision over our work.

Tianjin's Li Ruihuan Meets People's Deputies
OW191427 Beijing Domestic Service in Mandarin
2230 GMT 15 Dec 87

[“Rebroadcast” of report on Tianjin Party Secretary Li Ruihuan holding a dialogue meeting with people's deputies on 21 November; includes recorded portions]

[Text] Dear friends: This station broadcast in its “Thirty Minutes at Noon” program on 15 December a report on democratic dialogue in Tianjin Municipality. Not long after the program was aired, we received some listeners telephone calls and visits requesting that we rebroadcast the program. In compliance with listeners requests, we now rebroadcast the report which was prepared by Wang Rui, a reporter of the Tianjin People's Radio Station.

[Begin Wang Rui report] [Li Ruihuan recording heard in the background] Therefore, reform of the housing and real estate system... [Reporter interjects] The person making the remarks is Li Ruihuan, secretary of the Tianjin Municipal CPC Committee and mayor of Tianjin Municipality. He made the remarks after a people's deputy raised questions on the housing problem in Tianjin at a dialogue meeting on 21 November.

[Begin recording] [Li Ruihuan] Reform of the housing and real estate system must be started at once. You are all the people's representatives. I hope you will expose some problems in this area and look into various places. You might go to (Qiyangbei) and (Wanjingdi) to see what are called five-one-six houses. The fifth, first, and sixth floors of these houses are occupied, but the second and third floors are vacant and not lighted at night. The reasons for this are that some people with [word indistinct] have booked housing units for their sons, grandchildren, or even newborns. The number of these houses is so large that you cannot believe it. Therefore, many people are very angry about the situation. They say that

Li Ruihuan has said that people's average living space has been increased to 6.7 square meters. In all honesty, I have not seen this. Average living space of my family is less than 3 square meters. At the same time, however, some people are occupying more than 6.7 square meters, or more than 2 times or even 3 times that. Some three-member families are living in houses of 100 or 200 square meters or even occupying more than one house. Frankly, there are a host of reform measures to be taken. The house rent system must be reformed. Let us make it clear today that [word indistinct] current rental rates for houses of or less than 35 square meters should be maintained. Rent for houses bigger than this should be increased progressively. The bigger the house the higher the rent should be.

[Unidentified voice] I suggest that these remarks of Mayor Li be widely broadcast by radio and television stations because he has said what we the people's representatives as well as all the people have wanted to say and have talked about privately. Thank the government. [applause] [end recording]

[Reporter] Listeners, it is not hard to understand the feelings of the people of Tianjin after hearing all this. Public dialogue in Tianjin has been conducted for a long time. It has not been called democratic dialogue but called democratic discussion. Representatives from various sectors have been regularly invited to discuss their local district government's work. Dialogue meetings on a large scale like this one began in 1983, and the current one is the fifth such meeting. All right, let us listen to some more remarks by Mayor Li Ruihuan at the meeting with the people's representatives.

[Begin recording] [People's Deputy Lu Chun] I would like to bring up some problems. The first one is the insufficient supply of gas. [Reporter interjects saying: The person now speaking is Lu Chun, a people's deputy of Hebei District] Before I came to this meeting, I received many phone calls complaining about the gas supply problem. I would like to talk about this here. People in Tianjin have applauded the government's decision to supply gas to local residents and have expressed gratitude to the government for doing something very helpful to the people. However, the people have had some worries in addition to their joyful feelings. Cooking in some areas has become a difficult task because of low gas pressure. Some comrades have complained that it usually takes them more than 40 minutes to boil a kettle of water; advance notice is usually not given when gas supply is cut, rendering gas users in a helpless situation.

[Li Ruihuan] This is a rather serious problem, and there have been many complaints. Let Director Wang Zhengchong of the Municipal Industrial Bureau answer your question.

[Wang Zhengchong] Gas supply in Tianjin began in 1965, and over 240,000 households are supplied with gas as of 1985. Since the implementation of a 3-year plan in 1982, the number of user households have... [end recording]

[Reporter interjects] What Director Wang said is [words indistinct]. What the deputy asked is why is gas supply insufficient, and why is there sometimes no supply at all. What is the use of saying all this. Director Wang continued to cite a series of figures.

[Begin recording] [Wang] Gas supply is quite insufficient at present... [Wang interrupted by unidentified man]

[Unidentified man] All the complicated things you have just said have little practical meaning. Not many people can understand them. We are not certain about what you have said. [Words indistinct] you said you needed 12 million yuan to improve the situation. The 12 million yuan has been put in, and now you say there are problems with coal. Therefore, in a sense, a conclusion can be made that your administrative body is incompetent. [Words indistinct] at least every household still has a heater. If the heating problem is solved and every household's heater is thrown away, what do the people eat when gas supply is cut?

[Li Ruihuan] The municipal government accepts deputies criticisms in this matter. I would like to offer my opinions on three points. First, we indeed have not done very well in this area. We have not been conscientious enough and have not paid enough attention to the problem. I hereby make open and serious self-criticism to all the people of Tianjin and promise to make earnest efforts to improve our future work. The Municipal Construction Commission, the Municipal Public Utility Bureau, and the Municipal Gas Company must take resolute, practical, and effective measures to improve the situation in order to give all the people of the city a reliable [words indistinct] and should not just provide all those figures. Old ladies just do not care about these figures. All they want is gas at a switch. Otherwise, there will be problems. Therefore, the Municipal Public Utility Bureau and the Municipal Gas Company change their mentality, deepen their understanding the importance of the problem, and take effective measures to solve the problem within a short period of time. They should also make known to the public through television what they have done and what they can guarantee. [end recording]

[Reporter] The democratic dialogue meeting was held on 21 November. After the meeting, leaders of the Municipal Public Utility Bureau set up temporary offices at the production and service centers of the Municipal Gas Company to study the [words indistinct] of gas pipes because it is the key step to ensuring normal supply of gas in winter. They have also drawn up a 10-point plan to ensure normal gas supply. The people can now be free of worry and anger. [End Wang Rui Report]

Tianjin Mayor Calls for More Housing Reform

OW190523 Beijing XINHUA in English
1455 GMT 18 Dec 87

[Text] Beijing, December 18 (XINHUA)—“Rental rates must be reevaluated along with the rise of the real estate market,” said Li Ruihuan, Tianjin’s mayor.

Li, also a Political Bureau member of the party Central Committee, made the remarks in a meeting with delegates to the Tianjin Municipal People’s Congress, which were quoted in today’s “PEOPLE’S DAILY.”

“Because of problems in housing distribution, a gradient scale for rental fees has to be introduced,” said Li, who also criticized some officials for already preparing houses for their grandchildren.

To encourage housing reform, Tianjin has just sold 50,000 square meters of housing, reported the 53 year-old mayor, who used to be a carpenter.

“The key to the reform’s success is frank discussion and consultation with the people which will earn their trust and respect,” Li added.

Tianjin’s Li Speaks at Planning Conference

SK200532 Tianjin City Service in Mandarin
12300 GMT 19 Dec 87

[Excerpt] After 6 days in session, the municipal planning, restructuring, and financial work conference ended on 19 December.

Li Ruihuan, secretary of the municipal party committee and mayor of the municipality, called on the vast number of cadres and people of various professions and trades throughout the municipality to conscientiously implement the guidelines of the 13th CPC Congress; do their work in a solid manner; deepen reform; do a good job in promoting the implementation of the open policy; promote the development of the campaign of increasing production, practicing economy, increasing revenues, and reducing expenditures; and work on the basis of the achievements made during this year to fulfill the tasks for economic development set forth at this meeting and to further develop the municipality’s excellent situation.

At the conference, responsible comrades of relevant commissions and offices under the municipal government, various districts, counties, and bureaus conscientiously studied the guidelines of the 13th CPC Congress and the important speeches delivered by responsible comrades of the central authorities. The municipal Planning Commission, the municipal Economic Commission, the municipal Economic Restructuring Commission, the municipal Commission for Foreign Economic Relations and Trade, and the municipal Financial Bureau delivered work reports at the conference.

Through the concerted efforts of all participants to study the guidelines of the 13th CPC Congress, they have basically unified their thinking and have basically implemented work tasks.

On 19 December Nie Bichu, deputy secretary of the municipal party committee and vice mayor, summed up the conference.

After affirming the achievements of the conference, Li Ruihuan pointed out: Although we will be confronted with some difficulties next year, the general situation is good. We must clearly understand the situation, take the viewpoint of dialectical materialism to treat difficulties, and arouse our enthusiasm to do work in a solid manner. To arouse our enthusiasm, we should face difficulties squarely and study methods for handling them instead of shrinking away from them. To do work in a solid manner, we should positively do pioneering work and adopt work methods of dealing with concrete matters. The main reason for our failure to improve the work in some fields is that we fail to deal with concrete matters relating to work.

He urged young cadres to strive to upgrade their understanding about the theory on Marxism and to inherit the older generation’s tradition of doing work in a solid manner. [passage indistinct]

He stressed: We should foster a good practice of respecting able persons. We should adopt the method of throwing stones into the water but not the method of using water to submerge stones in order to bring into play the able persons’ abilities. Thus, we should work out policies to encourage the people to emulate able persons. Only by so doing can all of our undertakings be enlivened.

He pointed out: We must continue to firmly grasp reform next year. We must focus overall work on reform. We must find ways to solve the current problems in the course of reform.

Next year, we should widen our steps for reform and pay special attention to improving the contracted management system. Flexibilities in contracted management should be given to small enterprises, small-profit enterprises, or loss-making enterprises. Simultaneously, some institutions also should contact for their operating expenses.

We should further decontrol prices and enliven the economy in order to serve the starting points of overcoming difficulties and developing the excellent situation. Meanwhile, we should enliven the circulation field, do a good job in service work, make great efforts to bring into full play Tianjin’s role as a key city and to increase economic results, and [words indistinct]. [passage omitted]

Northeast Region

Heilongjiang's Sun Attends Farewell Party *SK190155 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 17 Dec 87*

[Text] In order to further enrich and strengthen work at the grass-roots levels and to better train cadres, the provincial party committee selected 41 young and middle-aged cadres from the provincial-level organs and transferred them to work at the grass-roots levels. These cadres will assume leading posts at the grass-roots levels early next year.

On the afternoon of 17 December, the provincial party committee held a farewell party which was attended by Sun Weiben, secretary of the provincial party committee; Hou Jie, deputy secretary of the provincial party committee and provincial governor; Zhou Weihua, deputy secretary of the provincial party committee; and Wang Haiyan, member of the Standing Committee of the provincial party committee and director of the Organization Department.

The transfer of young and middle-aged cadres from the provincial organs to grass-roots levels was decided by the provincial party committee at the provincial party committee work conference held in July this year after careful consideration and on the basis of summing up the previous experience and lessons in transferring cadres to the grass-roots levels. This transfer of cadres is a transfer of posts. Cadres should bring along with them their own party credentials; their transfer period is unlimited. They must compete with the grass-roots cadres at the same starting line. This makes it possible for young and middle-aged cadres to work realistically, achieve success in their work, and grow healthily at the grass-roots levels.

In order to do a better job in transferring young and middle-aged cadres to the grass-roots levels, the provincial-level units conscientiously selected and recommended cadres. After repeated selections, the Organization Department of the provincial party committee

finally decided to select 41 young and middle-aged cadres as the targets of transfer. The average age of these comrades is 36.8. Except one whose educational standard is at secondary specialized school level, all cadres have a college-level or above educational standard.

At the farewell party, Zhou Wenhua, deputy secretary of the provincial party committee, summed up the previous work achievements in transferring cadres to the lower levels, and set forth demands on transferring these young and middle-aged cadres to the grass-roots levels. He expressed the hope that these cadres would work at the grass-roots levels in a down-to-earth manner, realistically discard the viewpoint of being temporary workers, overcome the idea of working at the grass-roots units just to win a name, guard against the act of giving consideration to immediate interests, strive to train themselves into competent persons, and actively make contributions to developing the socialist productive forces.

Zhou Wenhua pointed out: Transferring cadres to the lower levels is a profound and meticulous task and it requires the concerted efforts from all quarters. Units that accept these cadres should do a good job in accepting, training and improving them, set strict demands on them, and create conditions for training them into competent personnel. The Organization Department of the provincial, city and prefectural party committees should strengthen division of labor, inspection, and management over cadres who have been transferred to the lower levels; promptly sum up and popularize experiences in displaying the role of cadres and training them into competent persons; study the tendentious problems that exist among them in a timely manner; and guide and help them to grow healthily.

After the farewell party, cadres who were transferred to the lower levels held dialogues with leaders of the provincial party committee on how to introduce the competition mechanism into contracts and on the prospects for developing border trade.

Li Xiannian, Others Meet Taiwan Compatriots
OW200639 Beijing XINHUA Domestic Service
in Chinese 0636 GMT 19 Dec 87

[Text] Beijing, 19 Dec (XINHUA)—Chinese President Li Xiannian and NPC Standing Committee Vice Chairmen Geng Biao, Wang Renzhong, Zhu Xuefan, Ngapoi Ngawang Jigme, Banqen Erdini Qoigyi Gyaincain, Zhou Guoheng, Yan Jici, Rong Yiren, Liao Hansheng, and Chu Tunan met at the Great Hall of the People this morning all the Taiwan deputies who were here to attend a conference for the election of Taiwan deputies to the Seventh National People's Congress as well as the 13 Taiwan deputies who were elected at the conference which just ended, and took a group picture with them.

Li Xiannian also wished the Taiwan compatriots a happy new year. He said: "Let us unite as one and join our efforts in building our socialist country!"

Taiwan Seeks New Name for Rejoining GATT
HK211405 Hong Kong ZHONGGUO TONGXUN SHE
in Chinese 1404 GMT 10 Dec 87

[Text] According to reports in today's newspapers in Taiwan, the Taiwan authorities are racking their brains to find a name for rejoining GATT.

According to CHUNG KUO SHIH PAO, the foreign policy of the Taiwan authorities is to actively strive for any opportunity to join international organizations. Therefore, they are making efforts through various channels to find a way to rejoin GATT.

However, the finance officials concerned also frankly admitted that the main problem affecting Taiwan rejoining GATT is whether this international organization will accept the name Taiwan has proposed to use in this organization.

The officials said that Taiwan will never allow GATT to treat Taiwan as a "local government," but it is also very difficult for Taiwan to use the name "ROC" to rejoin this organization. Therefore, the authorities concerned are studying whether it is possible to adopt the "Olympic model" to deal with this case.

According to the newspaper reports, the "Economic Ministry," "Finance Ministry," and "Foreign Ministry" have jointly set up a special group to study the issue of rejoining GATT.

PRC Researchers Study Issue of Taiwan
OW210426 Beijing XINHUA in English
0055 GMT 21 Dec 87

[Text] Xiamen, December 21 (XINHUA)—Xiamen University, in east China's Fujian Province, has become China's premier center for studies on the Taiwan issue.

The university has received more than 100 specialists from Australia, Canada, Japan, Soviet Union and the United States since it set up its Taiwan Research Institute in 1980.

With a staff of 33 research fellows, the institute conducts systematic research on the history, politics, social system, economics and literature of Taiwan, said Director Chen Kongli.

Eventually he hoped the research would lead to joint academic exchanges between the two sides.

He said most of the research is based on 10,000 relevant books and 170 different newspapers and magazines published in Taiwan, Hong Kong and other countries. The institute also monitors radio and TV programmes from the island.

Since it opened, the institute has published 27 books and 300 papers totalling seven million Chinese characters.

Its research project "The Principle of One Country, Two Systems and Politics in Taiwan" has been listed as a key item by the central government for the 1986-90 period.

Chen said his researchers have only touched on the proposals for 'one country, two governments' or for a 'federal system' raised by some scholars in Taiwan and would like to discuss the ideas further with their counterparts on the island.

As one of the researchers, Zhu Tianshun, said: "It is really a pity that I cannot return to see my dear ones and relatives on Taiwan."

Zhu, who was born in Taiwan in 1919 and came to the mainland at the age of 20, said he was gratified to learn some of his books such as "Religion in Ancient China" and "Guomintang and Reunification of China" have been published in Taiwan and have aroused interests among academic circles there.

He has written another book titled "Taiwanese Volume of the Dictionary of Place Names in China" which will soon be published by the commercial press.

Han Qinghai, deputy director of the institute, said it is possible Taiwanese businessmen will be allowed to open joint ventures on the mainland since Taiwan authorities have lifted the ban on mainland visits.

"We should notice this tendency and take this advantage to learn something about their management and export-oriented economic systems," he said.

The institute has participated in seminars on the Taiwan issue in Hong Kong and the United States in the past two years and its researchers have contacted their counterparts from Taiwan on these occasions.

Still, the Chinese experts won't be satisfied until they can conduct their research on Taiwan itself.

"Scholars on both sides of the Taiwan Straits are Chinese," said Chen. "Why can't they conduct joint research in their own country?"

"We hope the period that our research on the Taiwan issue based on newspaper and radio and TV reports will come to an end at an early date," he said.

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